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Daily Report

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General

CPPCC Condemns U.S., European Interference *HK2203031989 Beijing RENMIN RIBAO in Chinese* 21 Mar 89 p 1

[XINHUA report: "The Foreign Affairs Committee of the CPPCC National Committee Issues Statement Condemning the U.S. Senate and European Parliament for Interference in China's Internal Affairs"]

[Text] Beijing, 20 Mar (XINHUA)—The Foreign Affairs Committee of the National Committee of the Chinese People's Political Consultative Conference [CPPCC] today issued a statement strongly condemning the U.S. Senate and the European Parliament for wanton interference in China's internal affairs. The full text of the statement is as follows:

1. Recently, the U.S. Senate and the European Parliament grossly interfered in China's internal affairs by respectively adopting resolutions on the violent incident in Lhasa staged by a handful of separatists in Tibet. The Chinese Government and the Chinese National People's Congress [NPC] Foreign Affairs Committee have both made serious representations and issued statements. The CPPCC National Committee Foreign Affairs Committee steadfastly supports the resolute stance and necessary measures taken by the Chinese Government and completely agrees with the solemn statement issued by the NPC Foreign Affairs Committee. We express our utmost indignation and lodge a strong protest against the slanderous accusations and gross interference in China's internal affairs by the U.S. Senate and the European Parliament.

2. The Lhasa incident was not a human rights question. Neither was it an ethnic or religious issue. Rather, it was a violent incident deliberately staged by a handful of separatists to split the motherland. Raising the slogan of "Tibetan independence," these people indulged in beating people up, destroying property, looting, and arson, thus seriously threatening the safety of people's lives and property and disrupting normal social order. This aroused the indignation of the people throughout the country, especially the Tibetan people. The measures taken by the Chinese Government to uphold national unity and ensure the safety of citizens' lives and property are entirely necessary and justifiable.

3. Since the abolition of the cruelty of serfdom and the introduction of democratic reform, the Tibetan people have practiced regional national autonomy in accordance with the state constitution. They enjoy extensive personal freedom and the democratic right to manage state and Tibetan local affairs. The Central People's Government has adopted a series of special preferential policies toward Tibet and donated large sums of money to support and help the Tibetan people develop their economy, culture, and education. During the last 3 decades the population of the Tibet Autonomous Region

has doubled and the people's living standards have substantially improved. Cultural and educational networks including elementary, secondary, and higher education have been established and the people's freedom of religious belief is protected by law and fully respected by the people's governments at all levels. If the U.S. Senate and the European Parliament are really concerned about human rights in Tibet, instead of supporting the illegal sabotage activities conducted by a handful of separatists, they should support the Chinese Government's efforts to develop the Tibetan economy and culture so that the Tibetan autonomous region can preserve the necessary stability and normal social order.

4. China established diplomatic relations with member countries of the European Community and the United States on the basis of mutual respect for sovereignty and non-interference in each other's internal affairs, and the Chinese Government and people have always abided by the five principles of peaceful coexistence and strived to promote bilateral relations. At a time when these friendly relationships are further developing, the U.S. Senate and the European Parliament have grossly interfered in China's internal affairs. We cannot but regard these as violations of the basic principles governing international relations and the feelings of the Chinese people have been seriously hurt. All the democratic parties, people's organizations, nationality figures, and patriotic personages from all walks of life participating in the CPPCC strongly request the U.S. Senate and the European Parliament to immediately stop their unwise acts of interfering in China's internal affairs.

International Waste Control Treaty Urged *OW2203101089 Beijing XINHUA in English* 1603 GMT 21 Mar 89

[Text] Basel, Switzerland, March 21 (XINHUA)—A Chinese delegation to an international conference called today for the signing of a waste control treaty.

Lin Yincai, head of the delegation and deputy minister of chemistry, said he hoped that all parties attending the United Nations conference would sign the treaty requiring that toxic wastes be disposed of in an environmentally sound way and that the international transport of such wastes be minimized.

Lin asked his fellow delegates to seek common ground even while they reserved their differences after disputes arose among delegates from developed and developing countries over several specific items in the treaty.

A 51-page draft convention controlling the cross-border transport of dangerous waste has been submitted to environmental experts from more than 100 countries, and Lin noted that it would enhance the function and responsibility of countries in the treatment of this material.

The treaty would also permit all signing countries to refuse imports of dangerous waste. Exporters will have to provide prospective importers with details of all intended shipments.

China, together with other nations, will work toward controlling, reducing and finally eliminating dangerous waste, Lin said. He also urged industrialized countries to help developing countries with both funds and technology.

According to the Greenpeace organization, an observer at the conference, the industrial nations exported to the East European and Third World nations six million tons of dangerous waste during the years 1986 to 1988.

If the document is agreed to at the three-day meeting, it will be the third international environmental protection treaty, following ones on cross border air pollution and ozone layer pollution.

Japan Refuses To Sign Agreement With USSR
OW2203080689 Beijing Domestic Service in Mandarin
1030 GMT 21 Mar 89

[From the "National Hookup" program]

[Text] Yesterday, Japan and the Soviet Union held a vice foreign minister level meeting in Tokyo. At the meeting, the Japanese side said that at present it has no intention of signing an economic cooperation agreement with the Soviet Union. During yesterday's meeting at which the vice foreign ministers of both countries discussed bilateral relations, the Soviet side expressed the hope of signing 6 agreements including long term economic cooperation, investment protection, and establishment of bank representative offices in each other's countries; the Soviet side made the signing of such agreements conditions for the realization of Gorbachev's Japan visit. The Japanese side, however, expressed the view that Japan and the Soviet Union should first solve the Northern Territories problem and then sign the peace treaty. Japan holds the view that currently there is no need for Japan and the Soviet Union to sign these economic cooperation agreements.

United States & Canada

Envoy Protests U.S. Senate Tibet Resolution
OW2203015989 Beijing XINHUA in English
0125 GMT 22 Mar 89

[Text] Washington, March 21 (XINHUA)—China lodged a protest with U.S. Government today against the U.S. Senate's resolution of March 16 on the so-called Tibet question.

In a meeting with William Clark, Jr., U.S. acting assistant secretary of state for East Asia and Pacific Affairs, at the State Department this afternoon, Chinese Ambassador in Washington Han Xu reiterated that "the Chinese

Government is resolutely opposed to attempts by anyone under any pretexts to meddle in the affairs of China's Tibet and support the separatist activities."

On March 16, the Senate of the U.S. Congress passed a resolution groundlessly accusing the Chinese authorities of violating human rights in Tibet.

"On the excuse of showing concern for human rights in Tibet, it openly supports the riots started by a small number of Tibetan separatists and asks the U.S. executive authorities and international organizations to interfere in the affairs of China's Tibet," the ambassador said.

"This constitutes a gross interference of China's internal affairs," he said.

Recalling recent chaos in Tibet, Ambassador Han said that a small number of Tibetan separatists, who started riots in Lhasa recently, are by no means "unarmed" demonstrators, but a group of thugs, "who attempt to split China by riots and violent acts of beating, smashing, looting, arson and murder."

"It is totally warranted for the Chinese Government to have taken necessary means to stop their riots so as to maintain the public order in Lhasa and protect the basic human rights and freedom of the local inhabitants, a step that enjoys the support of the local people," he stressed.

He stated that the affairs of Tibet, an inalienable part of China, are China's internal affairs, which brook no interference "by any foreign government, parliament, organization or individual."

The ambassador noted that the U.S. Government has stated on numerous occasions that "it recognizes Tibet as part of China and that Tibet is China's internal affairs in which the United States does not interfere."

"We ask the U.S. Government to honor its commitments and, with the overall friendly relations between China and the United States in mind, take effective steps to prevent the recurrence of similar acts of interfering in China's internal affairs," he said.

LIAOWANG Views Bush Foreign Policy
OW2203034089 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 11, 13 Mar 89 pp 6-7

[Article by Shi Lujia (2457 6727 0163): "Two Moves in Bush's Foreign Policy"]

[Text] In middle and late February, the U.S. Bush administration made two major foreign policy moves. One was Secretary of State Baker's 14-nation NATO shuttle tour, and the other was Bush's Asia trip. The two moves, taken soon after Bush took office, not only show the importance he attaches to U.S.-Europe and U.S.-Asia relations, but also some clues to the U.S. Government's new Soviet policy.

Stabilizing Western Europe and Maintaining Unity

Bush has indicated on many occasions since taking office that NATO is still the cornerstone of U.S. foreign policy. He wants to further strengthen the "close relations" with the West European allies of the United States. He also has clearly declared that he will not hold a summit meeting with Gorbachev without prior consultations with the West European allies. There is, apparently, a profound background for Bush to so emphasize the importance of U.S.-Europe relations.

Because of the strong Soviet diplomatic offensive and the relaxation of U.S.-Soviet tension, there has emerged a "Gorby fever" in West Europe. Leaders of many nations have visited the Soviet Union one after another, business circles have vied with each other to express their interest in lending money to or investing in the Soviet Union, and views of the Soviet Union among the political circles and the public have undergone great changes. They universally believe that the post-war ideological and military confrontation on the European continent is gradually disappearing and should be replaced by relations of a new type. Foreign Minister Genscher of the FRG said at a meeting in Switzerland not long ago that "the situation in Europe is beginning to change. Anyone who sticks to the outdated bias of confrontation is resisting the historical trend." In an open letter to U.S. Secretary of State Baker not long ago, *THE INDEPENDENT*, a British newspaper, called on the West "not to continue to view the Warsaw Pact as a threat."

Although Bush has said that he wants to continue dialogue with the Soviet Union, he has, at the same time, repeatedly stressed the need to remain prudent and vigilant. The United States is worried that continued "Gorby fever" in West Europe will affect its relations with its West European allies and even lead to the neutrality of West Europe, disrupting the U.S. global strategy. Differences have emerged between the two sides of the Atlantic on a series of issues, including how to assess the changes taking place in the Soviet Union, how to strengthen West Europe's nuclear defense in the wake of the INF treaty, how to respond to the Soviet proposal for conventional forces reduction, how to handle trade and technology transfers with the Soviet Union, how to rationally share defense burdens, and so on. Basically, the question is how to respond to the "Gorbachev challenge," as one U.S. newspaper put it.

During his West Europe tour, Baker explained to the leaders of the 14 nations the U.S. Government's policy toward the Soviet Union, reiterated repeatedly that the United States will not abandon its defense commitments to West Europe, and pledged that the United States will have full consultations with its allies before concluding any arms reduction agreement with the Soviet Union. He also extensively listened to the views of West Europe on East-West relations and major international issues. Moreover, he worked hard on the allies in regard to the issues of strengthening defense and economic relations

with the Soviet Union. Although they have not reached a consensus, the United States has refrained from making any criticism because of this. This friendly gesture and attitude of consultation on an equal footing have been widely praised in West Europe. This will, no doubt, be conducive to the unity between the United States and its West Europe allies. A NATO summit will be held in mid-May in Brussels to work out a unified overall strategy with regard to the Soviet Union.

Active Participation in Asian Affairs

As compared with West Europe, the United States has less trouble in Asia. In recent years, however, some new factors have also emerged in the political situation in Asia. For example, trade friction between the United States and Japan has been frequent and is tending to aggravate, while Japanese-Soviet relations have been improving. Tensions and confrontation on the Korean Peninsula have begun to ease, economic relations between South Korea and the Soviet Union and East European countries have developed rapidly, and anti-Americanism is on the rise. Washington is apparently aware that if action is not taken immediately, the U.S. position and influence in the Asia-Pacific region will be weakened greatly.

Since taking office, Bush has invited Japanese Prime Minister Takeshita to visit the United States. Then, taking the opportunity of attending the Japanese Emperor's funeral, he personally visited China and South Korea. He stressed that the United States is an Atlantic as well as a Pacific nation and "wants to continue to be a Pacific nation." As for Japan, he said that he will work hard to develop "new partnership relations." As regards China, he said that he hopes to "build on the friendly, stable, and enduring" Sino-U.S. relationship. There is something more than symbolism. He stressed that this relationship is "fundamental in any foreign policy equation of the United States." U.S. officials have pointed out that the Bush visit itself and his views are a statement to the world that the United States will participate in the affairs of Asia more actively.

A Prelude to Diplomacy Toward the Soviet Union

Observers believe that the U.S. Government made these diplomatic moves, in addition to strengthening its relations with its Western Europe allies and safeguarding its interests and influence in West Europe and Asia, with the hope of creating conditions for its diplomacy toward the Soviet Union that is to be launched soon by the new U.S. Government. In this sense, they are a prelude to the U.S. diplomacy toward the Soviet Union.

Bush once said that he will continue the "peace through strength" policy of the Reagan era that has proved effective. However, the times and situation have changed and the Bush administration, under great pressure to reduce budget deficits, had no choice but to freeze defense budgets immediately after assuming

office. Due to limited military expenditures, it has been so far unable to make a decision on updating strategic nuclear weapons. The "Star Wars" program has also been affected. Apparently, it will be impossible to expand military strength on a large scale as Reagan did early in his first term. The United States cannot but deal with the Soviet Union through the diplomatic front. The two moves taken by Bush prior to Gorbachev's trip to West Europe and Asia are for the purpose of gaining the initiative in foreign policy, strengthening the U.S. position in its dialogue with the Soviet Union, and forcing the U.S. to make more concessions.

Certainly, it does not mean that there will be significant changes in U.S. policy toward the Soviet Union. Although some officials of the new administration have lately talked tough on the Soviet Union, the position of Bush himself is very clear: "Be prudent, but do not miss an opportunity for peace." It can be expected that after a time of adapting and readjustment, the U.S. diplomacy toward the Soviet Union will be unfolded in an all-round way. The U.S.-Soviet relations will not go backward; instead, they may achieve some progress.

Zhao Says Research Needs Commercialization
OW1803165889 Beijing XINHUA in English
1618 GMT 18 Mar 89

[Text] Beijing, March 18 (XINHUA)—Communist Party leader Zhao Ziyang said here today that China would see smoother economic development for less cost if the results of its scientific and technological research could be commercialized.

Zhao, general secretary of the Chinese Communist Party Central Committee, this afternoon met American scientists and entrepreneurs who attended a forum on commercializing science and technology.

China urgently needs to put its scientific and technological strength into economic development. However, few of its scientific and technological achievements are applied in production. The "torch program", backed by the central government, was launched to solve the problem.

The 22 entrepreneurs, specialists and professors from 11 U.S. companies, together with their Chinese counterparts, attended the forum, which was held in Beijing from March 13 to 17.

Zhao said he hoped that the scientists and entrepreneurs of the two countries will consolidate cooperation in the hi-tech field and establish a complementary relationship. He expressed conviction that their cooperation would have a more competitive edge.

Zhao stressed the need to protect the intellectual property right in the course of scientific cooperation and said the Chinese Government will attach proper importance to it.

Dr. George Kozmestsky, of the University of Texas in Austin, expressed appreciation of China's "torch program." He said that China has a strong research force, but is weak in marketing and funding. American entrepreneurs and specialists are very willing to cooperate with China in commercializing science and technology. The two countries could have many good cooperative projects.

U.S. Strategy for 21st Century Examined
HK2203134389 Beijing RENMIN RIBAO in Chinese
22 Mar 89 p 4

[Report by Zhang Liang (1728 0081): "Bush on U.S. Strategy for the 21st Century"]

[Text] As the 1990's are drawing nearer and nearer, some countries have begun to formulate their long-term strategy for the 21st century. In the United States, the Bush administration is mending its pace in drawing up its own strategy too. In his speech delivered in Houston on 16 March, President Bush gave a brief account of the basic strategy that his country may adopt in the 1990's and toward the turn of the century.

In that speech Bush emphasized that the United States needs to work out a long-term agenda to cope with the challenges that it may face at home and abroad in the 21st century. He said: For the moment a question of top importance is: "What preparations are we going to make to greet the new world that will arise 11 years later?" He held that the preparations should include the following: investments in the economy and education; environmental protection and the prevention of any short-sighted acts that may cause long-term damages; the study of the changes in the world's structure from a long-term point of view; and the formulation of the United States' foreign policy and measures based on this study. In this connection, the United States must encourage economic investment, step up research and development plans, and increase funds to run scientific and technological research projects; it must cut the capital gains tax with the intention of cultivating a favorable environment for investment that will boost economic growth, encourage competition, and raise investment efficiency; it must take up environmental protection as a top priority; it must encourage investment in education and try to raise the quality of education; and it must formulate a national security strategy that "guarantees freedom," and pay great attention to every factor affecting the international situation. But Bush admitted that all these "cannot be achieved overnight." Perhaps nobody can predict how well this blueprint drawn by President Bush for the United States in the 21st century will be materialized. But, anyway, the move of the United States will certainly be a question of common concern.

U.S. Chamber of Commerce Group Visits Beijing

Views Intellectual Property

OW2203133089 Beijing in English to East and South Africa 1700 GMT 15 Mar 89

[Text] Officials from the U.S. Chamber of Commerce are now in Beijing on a good will tour to promote business. We now report on intellectual property rights and free trade—the two primary objectives of the chamber.

The President of the American Chamber of Commerce Dr Richard Lesher says his government welcomes China to adopt an investment protection treaty. Dr Lesher stresses that the treaty should recognize international copy rights.

[Begin recording] I think they are willingness [as heard] to sign the treaty once some of those remaining problems are solved. One of the things that needs to be included is the protection of intellectual property rights. [end recording]

High technology is the most important U.S. intellectual property concerned. Radio Beijing reported last month on Sino-U.S. computer software disputes. One U.S. commerce official claimed that millions of dollars worth of American software have been illegally copied in China. Chinese officials have also recognized the problem and are now working to develop a software protection law. Dr Lesher believes that the new law will help promote the free flow of both goods and ideas. Free trade is one of the guiding principles of the Chamber of Commerce.

[Begin recording] We had been urging the Reagan administration, and now the Bush administration to confine their attempt to control technology, only the technology that is critical and important, to narrow down the list very dramatically. That process has been going on and the permanent process has been speeding up. So, I think even though some difficulties remain, there is great progress made in this regard. [end recording]

Dr Lesher said: Many of the problems are outside the control of China. He points to recent reports of technical transfers between Japan and Libya as an example. Some American politicians had reacted to these reports by calling for tighter technology restrictions between the U.S. and all the other countries. Lesher adds that the Chamber of Commerce was able to promote the successful stories of Chinese-American trade.

[Begin recording] I think success breeds success, and one other thing that we will do is to help start our story in our magazine and television operation [words indistinct] to get some materials to be used in our magazines and television. [end recording]

Dr Lesher and his 8-member delegation also met with Chinese Premier Li Peng Tuesday. The delegation travelled Wednesday to Xian, the second stop of their five-city tour.

Gives University Lecture

OW2203134089 Beijing Television Service in Mandarin 1400 GMT 17 Mar 89

[From the "Night News" program]

[Text] Dr. Richard Lesher, president of the U.S. Chamber of Commerce, recently gave a lecture on capitalism and market economy to more than 1,000 students of the University of International Business and Economics. He also answered questions of interest to the students. He will donate books and the Chamber's economic and trade materials to the university.

Comparison of NPC on U.S. Tibet Resolution

HK2103093289

Beijing RENMIN RIBAO in Chinese on 20 March carries in the left bottom of page 1 and the right bottom of page 2 a 1300-character statement issued by the NPC Foreign Affairs Committee on the resolution about the Tibetan question adopted by the U.S. Senate. This item has been compared with the XINHUA English version of the statement published in the 20 March China DAILY REPORT p 3, and found to be identical, except for the following variations:

Column one, paragraph one, first sentence RENMIN RIBAO reads:....March 19 (XINHUA)—The Senate of...(omitting first two paragraphs, picking up at paragraph three).

Paragraph three, last sentence RENMIN RIBAO reads:....China hereby solemnly issues a statement. Full text follows: [new graf] 1. The resolution...(noting variant wording).

Soviet Union

Regional Chairman Meets Soviet Delegation 6 Mar

SK2203061889 Hohhot NEIMENGGU RIBAO in Chinese 8 Mar 89 p 1

[Text] On the afternoon of 6 March, Bu He, chairman of the regional government, cordially met with the delegation from the Autonomous Soviet Republic of Buryat led by (Baltash Yarov) at the auditorium of the Inner Mongolia People's government.

Chairman Bu He expressed welcome to the Soviet guests. After discussing the general situation in the autonomous region, Bu He said: After liberation, particularly since the 10 years of reform, our region has scored gratifying success in the political and economic sectors and has formed a fairly perfect industrial foundation. The cooperation between the two sides has already begun. It is

hoped that trade, economic, technological, cultural and art cooperation, and various friendly contacts between the Inner Mongolia Autonomous Region and the Autonomous Soviet Republic of Buryat will be unceasingly expanded and developed in the future.

The delegation from the Autonomous Soviet Republic of Buryat was invited to pay a return visit to the region after Vice Chairman Liu Zuohui's visit to the Autonomous Soviet Republic of Buryat last September.

Liu Zuohui, vice chairman of the regional government, and responsible comrades of the government departments concerned were present during the meeting.

In the evening, the regional government held a banquet to entertain the Soviet guests.

The economic and trade delegation from the Autonomous Soviet Republic of Buryat will stay in our region for 5 days and will hold business talks and pay visits.

Comparison of Spokesman on Sino-Soviet Summit HK1603092689

Beijing RENMIN RIBAO in Chinese on 16 March carries in the middle of page 1, just below the fold, a 400-character XINHUA report by reporter Yang Guoqiang and journalist trainee Pang Zhenyi, entitled "Spokesman of the CPC International Liaison Department says when Gorbachev meets Zhao Ziyang in May, Sino-Soviet party-to-party relations will naturally return to normal." This item has been compared with the XINHUA English version of the report published in the 16 March China DAILY REPORT pp 6-7, and found to be identical except for the following variations:

P 6, column two, paragraph one, only sentence, RENMIN RIBAO reads: "...Ziyang, during his mid-May China visit, Sino-Soviet...(specifying "mid-May");

Same paragraph, same sentence reads: "...party-to-party relations will naturally return to normal...(adding word "naturally");

Paragraph three, only sentence RENMIN RIBAO reads: "...Wu said the Sino-Soviet party-to-party relations in future will be a new type of relations on a new basis instead of the kind of relations of the 1950's....(changing wording);

Paragraph five, sentence two reads: "...other's internal affairs in handling relations with them." [new graf]

The spokesman also...(adding words);

P 7, column one, paragraph six, only sentence, RENMIN RIBAO reads: "...Marino and Portugal. The delegation will attend the 18th National Congress of the Italian Communist Party to be held in Rome. [new graf]

The delegation goes...(adding sentence).

Sub-Saharan Africa

Ugandan President Museveni Continues Visit

Feted by Yang Shangkun
OW2203004889 Beijing XINHUA in English
1406 GMT 21 Mar 89

[Text] Beijing, March 21 (XINHUA)—Chinese President Yang Shangkun said here today that the Chinese Government and people have always supported the African countries and peoples in their struggle for the complete liberation of the African continent.

At a banquet he held for visiting Ugandan President Yoweri Kaguta Museveni, Yang said that recently there has emerged in southern Africa a new situation favorable to the African peoples' liberation cause, adding that this is the result of the protracted struggle waged by African countries and peoples with the support of the international community.

"We hope that the parties concerned will earnestly implement the Southwest Africa peace accords so that the independence of Namibia can be achieved smoothly, and the sovereignty and security of all southern African countries assured. This will help relax the situation in the region," he said.

Museveni said that the struggle in southern Africa is of great concern to his country.

He pointed out, "It is meaningless for us to say that we are independent when our people in South Africa and Namibia are still struggling for freedom."

He expressed the hope that United Nations Security Council Resolution 435 on Namibian independence would be fully implemented.

He expressed appreciation for the Chinese people's continued solidarity with the peoples of the Third World, especially the African people.

He also thanked the Chinese Government and people for their unflinching support for the eradication of colonialism and apartheid in Namibia and South Africa.

Both Yang and Museveni touched upon the issue of the economic development of the African countries in their speeches.

Yang spoke highly of the unflinching efforts of many African countries to find economic development strategies and models suited to the actual conditions of their respective countries.

"Meanwhile, one can see that African countries' efforts to revitalize their economies are increasingly circumscribed by the irrational old international economic order. And the worsening debt problem has become an obstacle to the development and prosperity of Africa," Yang said.

He added, "We hope to see the debt problem solved reasonably through dialogue and consultation between the African countries and the creditor states."

Yang pointed out that developed countries in particular should take practical measures to help the African countries with their production and development to enhance their solvency. He pointed out that a reasonable solution to the debt problem is not only conducive to the development of the African countries but also in the interest of the economic prosperity of developed countries.

Museveni said: "With regard to Africa's debt problem, Uganda's stand is that any viable resolution of the crisis should take fully into account the region's economic and social realities. First and foremost, there must be a fundamental and genuine commitment to the improvement of the socio-economic conditions of our people."

Furthermore, Yang said that China treasures its friendship with Uganda and is willing to continue to seek new areas for friendly cooperation with that country.

Museveni said that the purpose of his visit is to learn from China and share experiences.

He also stressed the importance of expanding south-south cooperation, saying that through his visit to China, Uganda-China economic and technological cooperation will be furthered.

Earlier today, Yang held a welcoming ceremony for Museveni, his wife, and their party.

Meets Li Peng

OW2203100189 Beijing XINHUA in English
0920 GMT 22 Mar 89

[Text] Beijing, March 22 (XINHUA)—Chinese Premier Li Peng and Ugandan President Yoweri Kaguta Museveni exchanged views on the international situation, major international issues, and bilateral relations in talks held here today.

The two leaders agreed that their countries maintain excellent cooperation. They also discussed details of further development of bilateral economic and technological cooperation.

Li said war factors still exist, although detente has eased the world situation. The problem of "hot spots" has not been completely resolved, so vigilance should not be relaxed, Li added.

The Chinese premier noted that the tense situation in southern Africa has, too, become relaxed since the concerned parties have signed agreements on a political solution to the question of southern Africa.

But, he pointed out, South Africa's apartheid policy has not basically changed.

Li reaffirmed that the Chinese Government and people always support the frontline countries of southern Africa in their fight against South Africa's apartheid policy and said he hopes the agreements on a political solution to the question of southern Africa will be put into effect.

Li then gave a brief account of China's stand on the questions of Kampuchea and Afghanistan, as well as other major international issues.

Turning to the international economic situation, Li said that because of unreasonable factors, the poor is becoming poorer and the rich is getting richer. This situation is connected to the present composition of the world economic order, he said.

There exists a relationship of exchange of seriously unequal values between the developed and developing countries, and the heavy burden of debt is crushing the breath out of developing countries, he added.

"China supports both the developed and developing countries in seeking a just and reasonable solution to this problem through consultation," he said.

Li said he appreciated the fact that the Ugandan people have, under the leadership of President Museveni, pursued domestic policies of economic rehabilitation and national reconciliation. He also spoke highly of Uganda's policy of international friendship.

President Museveni said that the current situation in southern Africa is becoming increasingly favorable to the people and that relaxation of tension is playing a leading role in the international situation today.

Uganda welcomes such relaxation and the settlement of regional conflicts, he added.

But as far as Africa is concerned, he said, settlement of regional conflicts is not as easy as it seems and a lot of difficulties exist.

He said economic difficulties are growing increasingly serious with African countries.

President Museveni expressed satisfaction with the cooperation and mutual support between China and Uganda.

Earlier today, President Museveni laid a wreath at the Monument to the People's Heroes.

West Europe

EC's Bangemann Attends China Investment Forum

Conveys Tibet Concerns

HK2103122489 Hong Kong AFP in English
1214 GMT 21 Mar 89

[Text] Beijing, March 21 (AFP)—A seminar here on European investments in China was the occasion for a representative of the European Economic Community (EEC) to press Beijing to respect human rights in Tibet, the EEC delegate said Tuesday.

Martin Bangemann, vice-president of the European Commission, told reporters Tuesday that he had conveyed the EEC's "emotion" Monday to Chinese Vice Premier Wu Xueqian over the "loss of human life" during recent anti-Chinese riots in Lhasa.

Mr Bangemann said he told Mr Wu, a former foreign minister who is considered the coordinator of China's diplomacy, that the EEC wished "to see a return to a situation (in Tibet) in which that couldn't happen again."

The March 5-8 riots in the Tibetan capital, the most violent in 30 years, had an official death toll of 16, but witnesses put it at up to 60.

Mr Bangemann said Mr Wu had thanked him for his statement.

The European diplomat's action comes on the heels of a resolution by the European Parliament adopted Thursday that deplored the "brutal repression" by Chinese security forces of the pro-independence agitation in Lhasa.

The resolution called on the Chinese authorities to open a dialogue with the Dalai Lama, the Tibetans' top spiritual leader who has been in exile in India since March 1959.

Beijing had strongly protested the European resolution, which it called "gross interference" in its internal affairs.

On Monday, Chinese Premier Li Peng reiterated before the National People's Congress (Chinese parliament) that foreign support for Tibetan separatist activities would "absolutely not be tolerated."

Mr Li added: "As long as the Dalai Lama gives up his stand for an independent Tibet, ... the central government is willing to negotiate with him."

The Dalai Lama had offered in June in Strasbourg that China give Tibetans total autonomy over their own domestic affairs, while retaining control over Tibet's foreign policy and defense. Beijing rejected the proposal, calling it a disguised form of independence.

The Sino-European symposium on the legal environment of foreign investments in China opened here Monday.

Meets Li Peng

OW2103135289 Beijing XINHUA in English
1331 GMT 21 Mar 89

[Text] Beijing, March 21 (XINHUA)—Chinese Premier Li Peng expressed the hope here today that the cooperation between China and Western Europe will grow on a long-term basis.

At a meeting with Martin Bangemann, vice-chairman of the European Community Commission, Li said that China wants to see a "strong and united Europe".

Li noted that the past few years have seen an increase in the economic and technical ties between China and the member countries of the European Community (EC), with a number of major projects launched.

China and the EC have identical or similar views on many international issues, he added.

Li told the visitor that the Chinese Government fully respects the Tibetan people's national sentiments, religious beliefs and way of life.

"We hope that people of all nationalities, including the Tibetans, will live in amity and seek common development within the big family of the Chinese nation," he said.

Bangemann ensured Li that the EC and the governments of its member countries understand the Chinese Government's position on the Tibet Autonomous Region as well the achievements it has made in helping the Tibetans build up the region.

He said that the EC and all its member countries hold that Tibet is part of Chinese territory, and they have no intention of supporting any political or religious movement which aims to split China.

Meets Yao Yilin

OW2103142989 Beijing XINHUA in English
1342 GMT 21 Mar 89

[Text] Beijing, March 21 (XINHUA)—Chinese Vice-Premier Yao Yilin today called on Western European countries to invest more in China.

At a meeting with Martin Bangemann, vice-chairman of the European Community (EC) Commission, Yao expressed the hope that more Western European businessmen would invest in China.

"They are welcome to start joint ventures or ventures solely with their own capital in the energy and communications sectors. They can also launch cooperative projects on the basis of China's existing factories," he said.

Bangemann said that EC member countries are willing to invest more in China so as to expand economic and technical cooperation. There are good prospects for cooperation between the two sides as they have good political ties, he added.

Bangemann is here to attend a Sino-EC symposium on the legal and practical aspects of investment in China.

Yao and Bangemann shared the conviction that the symposium is useful for promoting mutual understanding and European investment in China.

Sino-British Liaison Group Holds 12th Meeting

OW2103034889 Beijing in Mandarin to Taiwan
1500 GMT 14 Mar 89

[Text] The 12th meeting of the Joint Sino-British Liaison Group was held in Beijing on the morning of 14 March at a time when the city is full of spring beauty. Robin McLaren, chief representative of the British side, said humorously: Arranging the meeting in the sunlit and enchanting scene of spring by the Chinese side is surely conducive to solving problems.

Chief Chinese representative Ke Zaishuo and Chief British representative Robin McLaren first reviewed the progress already made over the past 3 and 1/2 years since the inauguration of the joint liaison group. They were proud of their past achievements. Both sides wished each other satisfactory results in the meeting, which is scheduled to end on 17 March.

Meeting Ends 17 March

OW2103131389 Beijing in Mandarin to Taiwan
0400 GMT 18 Mar 89

[Text] The 12th meeting of the Joint Sino-British Liaison Group ended in Beijing on the afternoon of 17 March. A press communique was released after the meeting, according to a XINHUA dispatch from Beijing.

Speaking at a press reception at the Diaoyutai State Guesthouse, Ambassador Ke Zaishuo, the chief Chinese representative, said: At the meeting, the Liaison Group discussed the question of Vietnamese refugees and boat people for the first time. The Chinese Government had already expressed its concern and stance on the question of Vietnamese refugees and boat people through different channels and in different forms. At the current meeting, the Chinese and British sides exchanged views on this question. The meeting also discussed matters of defense and public security and the question of the court of last resort.

Wang Fang Meets Netherlands Policemen

OW2103151589 Beijing XINHUA in English
1058 GMT 21 Mar 89

[Text] Beijing, March 21 (XINHUA)—Wang Fang, Chinese state councillor and minister of public security, met a delegation of senior police officers from the Netherlands here this afternoon.

The delegation was led by Hessing, chairman of the Commission of Chief Police Inspectors of the Netherlands.

NPC Vice Chairman Meets British Writer

OW2103152089 Beijing XINHUA in English
1203 GMT 21 Mar 89

[Text] Beijing, March 21 (XINHUA)—Xi Zhongxun, vice-chairman of the Chinese National People's Congress (NPC) Standing Committee, met and hosted a dinner for British writer Han Suyin and her husband Vicent Ruthnaswamy here tonight.

Zhang Wenjin, president of the Chinese People's Association for Friendship With Foreign Countries, was present at the meeting and dinner.

Han is here for collecting materials for her writing of a book. Since she came to China this time, she has already met many people from various circles.

Deng Reportedly Asked To Dismiss Zhao
*HK2203011989 Hong Kong SOUTH CHINA
MORNING POST in English 22 Mar 89, p 14*

[By Willy Wo-Lap Lam]

[Text] Several leading members of the Central Advisory Commission of the Chinese Communist Party have asked senior leader Deng Xiaoping to dismiss party General Secretary Zhao Ziyang, Chinese sources said yesterday.

This took place while Mr Deng was taking a rest in Shanghai in mid-February.

Mr Deng brushed off the suggestion by citing two reasons, according to the sources.

"One of my close deputies had already been deposed," Mr Deng reportedly said. He was evidently referring to former party chief Hu Yaobang, who lost his post in January 1987 after having been accused by party elders of being "lax and weak" in the face of bourgeois liberalisation.

"Moreover, there is nobody to replace General Secretary Zhao," the patriarch added.

By the time Mr Deng returned to Beijing in late February, he made it known to his associates that the question of whether to replace Mr Zhao would be put off at least till the summer.

Mr Deng also postponed the fourth plenum of the 13th party Central Committee till after the National People's Congress (NPC), possibly to the end of April.

The reason cited by analysts was that Mr Zhao's opponents were geared to mount a major dump-Zhao movement during the plenum.

To quash rumours about the party chief's declining political fortunes, the propaganda machinery was instructed to present to the outside world the picture of Mr Zhao firmly in harness.

A case in point is the special press conference called by Mr Wu Xingtang, spokesman for the International Liaison Department of the Central Committee on March 15.

"When Soviet leader Mikhail Gorbachev comes to China in May, he'll meet CCP Secretary-General Zhao Ziyang," Mr Wu said.

"Earlier, a Government spokesman had said that Mr Gorbachev is coming to Beijing as the guest of president Yang Shangkun," said a Western diplomat. "That spokesman's failure to mention the role that Mr Zhao will play in the visit has fed speculation that Mr Zhao's position is precarious."

At the opening sessions of the Chinese People's Political Consultative Conference on Sunday and the NPC on Monday, protocol specialists made it a point to seat Mr Zhao together with his alleged political opponent Mr Li Peng.

During the two three-hour-long sessions, Mr Zhao was seen carrying on an intimate conversation with Mr Li.

The Beijing-affiliated HONGKONG CHINA NEWS AGENCY quoted "observers" as noting that the tete-a-tete between Mr Zhao and Mr Li was "posturing aimed at (quelling) recent speculations that 'there are differences between Mr Zhao and Mr Li and that Mr Zhao is about to resign.'"

The fate of Mr Zhao, say analysts, would be settled after Mr Gorbachev's visit.

"The Chinese cannot afford to let the Soviets see signs of disunity," said a well-placed political analyst in the capital.

Mr Zhao's date with destiny could come during the summer party conference held annually in the North China seaside resort of Beidaihe.

According to insiders, the man best positioned to succeed Mr Zhao is Mr Yao Yilin, the senior Vice-Premier.

Mr Yao, a close ally of Prime Minister Li Peng and a keen advocate of central planning in the economy, enjoys the support of most party elders.

"The party elders have suggested that Mr Zou Jiahua, head of the Commission for Machinery Building, succeed Mr Yao as Vice-Premier and chairman of the State Planning Commission," said sources.

Recently, Mr Zou has assumed a high profile. He has "branched out" from his own portfolio into banking and financial matters.

Meanwhile, the party elders who seem to be playing a key role in the "plot" to unseat Mr Zhao are engaged in what analysts call "active politicking."

Paradoxically, they are touring the Southeast coast—the frontline of Mr Zhao's coastal policy—and saying nice things about reform.

Those who have toured the special economic zone (SEZs) of Shenzhen and Zhuhai in the past two months include Mr Peng Zhen, the arch conservative former chairman of the NPC Vice-President Wang Zhen, said Mr Deng Liqun, former member of the party secretariat.

While in the SEZs, Mr Peng said that "in spite of the temporary difficulties, the results of the SEZs are encouraging".

While touring Shekou, the "zone within a zone" in Shenzhen, Mr Deng Liqun, a leftist ideologue, wrote an inscription in his own calligraphy praising the SEZ experience.

Yet the politician most eager to display his "liberalist" plumage is Mr Hu Qiaomu, the former Politburo member in charge of ideology.

In a talk to a group of Beijing scientists last week, Mr Hu dwelled on the virtues of "tolerance."

"Leaders should recognise the right of existence of certain ideas, even if they think that (the ideas) are wrong," Mr Hu wrote.

"The leftist ideologues are trying to win over the public—especially the intellectuals—in advance of taking over power," said a veteran party member in the capital.

Second Session of Seventh NPC Activities Noted

Leaders Meet, Exchange Greetings

HK2203071989 Beijing RENMIN RIBAO
in Chinese 21 Mar 89 p 1

["News Feature" by XINHUA Reporters Li Shangzhi (2621 1424 1807), He Ping (0149 1627) and Central People's Broadcasting Station Reporter Liu Zhenying (0491 2182 5391): "Before the Curtain Was Lifted"—XINHUA Headline]

[Text] Around 1430 on the afternoon of 20 March, some party and state leaders attending the Second Session of the Seventh National People's Congress (NPC) entered a room close to the presidium platform of the meeting hall.

NPC Standing Committee Chairman Wan Li smiled broadly and exchanged greetings with reporters who were covering the NPC session. The reporters told him that the opening ceremony of the NPC session would be televised live and relayed by radio broadcast. Before the reporters had finished their remarks, Wan Li laughed and said: "I see. You want me to speak slowly and clearly when presiding over the meeting. However, my Shandong accent is terrible, but I can't change it."

Premier Li Peng wore a dark blue, double-buttoned, Western-style suit, and looked serious and unrestrained. He walked quickly into the room and shook hands with leading comrades who had arrived earlier. Then, General Secretary Zhao Ziyang walked over to him and said wittily, while shaking hands: "Today, you are going to play the part of Hongniang [4767 1224], and we will all rely on your performance!"

"It is not easy to play this part!" answered Li Peng.

"Never mind." Zhao Ziyang said and smiled.

Then, Zhao Ziyang asked Li Peng with concern: "How long does it take to read this report? Do you need a break?"

Li Peng answered: "It will take about 2 hours. There are 55 pages. I don't think the break is necessary."

Then CPPCC National Committee Chairman Li Xiannian and Vice Premier Yao Yilin entered the room, and Li Peng walked over to shake hands with them.

Li Xiannian asked Li Peng: "Today, will you stand or sit when delivering your report?"

"Chairman, I will stand."

"Can you stand continuously for more than 2 hours?"

Yang Shangkun interrupted with pleasantries: "He is a strong laborer, no problem!"

Li Peng smiled and extended greetings to Wang Zhen, then he said to the three old comrades, Yang Shangkun, Li Xiannian, and Wang Zhen: "Thank you, three chairmen, I can stand to read the report."

Then, Li Peng took a seat between Li Xiannian and Yao Yilin. Yao Yilin told Li Peng: "I have read the government work report several times, and it has been properly revised."

Li Peng said: "It is never easy to draft and revise this report. We still have to listen to the opinions of the people's deputies at the meeting."

When Hu Yaobang entered the room, he shook hands and exchanged greetings with all the comrades. NPC Standing Committee Vice Chairmen Ngapoi Ngawang Jigme asked him while shaking hands: "How is your health?"

"After the journey to Nanning, I lost 2 kilograms in weight." Hu Yaobang stretched two fingers.

"It is good for an old man to lose some weight." Qiao Shi smiled and joined in the conversation.

Seeing Hu Yaobang arrive, Zhao Ziyang stood up and shook hands with him, then asked him about his health and told him to take care of himself.

Hu Yaobang said: "You are very busy now and shouldering heavy burdens. So you should also look after your health."

"Both of us need to take care of ourselves." Zhao Ziyang said.

The bell signaling the beginning of the meeting rang. Wan Li stood up and invited them all to take their seats on the presidium platform. Zhao Ziyang was the first to

stand up, and made a gesture to Li Peng: "Today, you are playing host, so you should walk ahead of us." Li Peng answered: "Today, I am subjecting my work report to the deputies for examination." Li Xiannian said: "You are going to report your work. Let's go." Then, Wan Li, Zhao Ziyang, Yang Shangkun, Li Peng, and Li Xiannian stepped onto the presidium platform together.

Economic, Financial Reports Delivered

OW2203074989 Beijing Domestic Service
in Mandarin 2300 GMT 21 Mar 89

["Special Program on the Second Session of the Seventh NPC and the Second Session of the Seventh CPPCC National Committee"]

[Text] Listeners: At the 21 March meeting of the Second Session of the Seventh NPC, Yao Yilin, vice premier of the State Council and minister in charge of the State Planning Commission, delivered a report on the draft 1989 national economic and social development plan. Wang Bingqian, state councilor and minister of finance, delivered a report on the implementation of the 1988 state budget and on the draft 1989 state budget. Today, we will broadcast excerpts of the two reports in this special program.

Vice Premier Yao Yilin said in his report on the draft 1989 national economic and social development plan: The main objectives and basic tasks in the 1989 national economic and social development plan are to gradually eliminate the problem of the overheated economy, ensure that the rate of price hikes will be conspicuously less than those of 1988, and strive for a bumper harvest in agriculture. To this end we should, first and foremost, emphasize reducing the present excessive total demand in society and firmly resolve to further cut the scale of fixed asset investment, especially the scale of extra-budgetary investment, so that demand will gradually become commensurate with the enduring capacity of our national strength. It is necessary to strictly control the very rapid growth of consumption needs so it is in line with national income growth. While curbing demand, we should strive to increase effective supply, particularly the production of staple agricultural produce such as grain, cotton, and oil-bearing crops. We must also gradually ease the existing strain on the supply of energy, raw and semifinished materials and on transportation by increasing production and being economic. Efforts to cut demand and increase supply must be linked with economic structural adjustment in order to achieve a maximum distribution of our limited resources and a remarkable increase in benefit.

In accordance with this guiding thought, the 1989 macroregulation and control objectives planned are: to maintain a suitable economic growth rate; increase agricultural output by 4 percent, industrial production by 8 percent, and gross national product by 7.5 percent compared with last year; cut the overall scale of fixed asset investment in the whole society by more than 20 percent

below last year's level; further improve the structure of investment in line with the state's production policy; reduce both the deficit in the state budget and the amount of currency issued to a level less than last year; and see to it that the rate of increase in the nationwide retail price index is conspicuously below that of last year by earnestly controlling demand while increasing and improving effective supply.

Yao Yilin said that the concrete tasks listed in the 1989 plan include the following:

1. It is necessary to resolutely curb the scale of fixed asset investment and adjust the structure of investment. According to the 1989 plan, the fixed asset investment in the whole society is set at 330 billion yuan, or 92 billion less than last year. He said: It is imperative to firmly resolve and take hard measures in order to fulfill the demand of curbing the scale and adjusting the investment structure this year. We must grasp the work of screening projects under construction in an earnest manner. We should not only firmly cut nonproductive construction projects that do not need to be built—office buildings, auditoriums, guesthouses, and other unnecessary overlapping construction projects—but should also reasonably arrange the projects that should be built. This includes projects for energy, transportation, and raw and semifinished materials industries. These should be built according to our financial capability and material availability, otherwise, we should stop or suspend some of them. Regarding certain farmland, forestry, water conservancy, chemical fertilizer, and educational projects that must be started, the departments and localities concerned should submit reports to the authorities concerned for approval according to the related regulations. No other projects should be started before the end of July this year. Whether they can be started in or after August depends on the effect of the curtailed investment scale and the economic situation at that time.

We should make rational investments and readjust the investment structure according to the government's industrial policy. Bank credit for investments should be under mandatory planned management. Fund raising for expanding investment from the public should be strictly controlled. Investment loans by rural enterprises and individual business operators and project loans not included in government plans will not be granted this year.

2. We should curb excessive growth in consumer demands and gradually alleviate the contradictions of unequal social distribution. Yao Yilin pointed out: Lavish spending has become quite serious and common in recent years. Many organs, organizations, enterprises, and institutions have used public funds to entertain guests and buy presents for them, have wantonly given monetary and material rewards to workers, and have vied with each other in doing things in a big way. They have blindly sought modernization for many projects they have undertaken, setting increasingly higher standards for these projects. We must resolutely correct this

situation and reverse this unhealthy tendency. We can substantially suppress the increasing social total demands and effectively curb inflation if we can be determined to live a hard life for a few years.

3. We should strive to increase agricultural production, especially production of grain, cotton, and oil-bearing crops. This year, we plan to produce 410 million metric tons of grain, which is 16 million metric tons more than last year; 4.5 million metric tons of cotton, 300,000 metric tons more than last year; 16 million metric tons of oil-bearing crops, which is 2.8 million metric tons more than last year; and 65 million metric tons of sugar crops, 2.63 million metric tons more than last year. We should continue to encourage pig raising. This year, total meat production is expected to reach 23.4 million metric tons, 200,000 metric tons more than last year.

Yao Yilin said: To reach this year's agricultural production goals and to increase the effective supply of agricultural and sideline products, we must take some effective and systematic measures. We should appropriately increase the acreages of grain and cotton and reduce the acreage of tobacco and other crops. We should prohibit people from digging fish ponds on farmland and from using farmland for growing fruit. We should increase agricultural development funds and encourage peasants to increase investments in agricultural production. We should build agricultural products and commodity production bases, speed up economic development in poor areas, continue to promote agrotechnology, and increase supply of the means of agricultural production.

4. We should reduce excessive industrial growth and make serious efforts to readjust production structure. Yao Yilin said: The key to increasing effective supply lies in the readjustment of production structure. We should properly develop what should be developed and effectively curb what should be curbed. Currently, the most important problem is to increase coal production. At the same time, adequate attention should be paid to solving coal transportation problems. The State Council is currently organizing departments and localities concerned to take effective measures to stabilize and increase production of small-and medium-sized and local coal mines. The council is also working to improve ways to transfer and transport coal.

5. We should carefully readjust the import and export commodity mix and further expand our economic cooperation and technical exchanges with foreign countries.

6. We should further develop scientific and technical education, and promote cultural, health, and sports activities. We should ensure that education is given strategic importance and that it develops properly as we work to improve the economic environment and rectify the economic order. Institutes of higher learning should properly limit the numbers of new students enrolling for post graduate study and maintain the numbers of new students enrolling for undergraduate study at a certain

level following the principle of readjusting the higher education structure, enrolling students on a regular basis and improving higher education quality. In 1989, we plan to enroll 40,000 students for post graduate study, and 640,000 students for undergraduate study, about the same as 1988. In addition, we should continue to develop vocational and technical education, closely integrate our efforts to promote education, and develop vocational and technical education. We should further develop secondary and elementary education and strictly enforce the law on compulsory education. We should take timely measures to correct the situation in which secondary and primary school students in some localities discontinue their studies. At the same time, we should step up work to renovate shabby secondary and primary school buildings. Schools of all types at all levels should reform and improve moral education in order to enable students to gain a balanced development in moral education, intellectual education, physical education, and aesthetic education.

Yao Yilin pointed out: China has a large base population and, the country is currently in a peak childbearing period. Therefore, family planning work must be strictly carried out and must not be overlooked. We should put population growth under strict control and improve the quality of the population by strictly following government's current family planning policy.

In conclusion, Yao Yilin said: 10 years of reform and construction laid a fairly good material foundation for us. At present, the international environment is also favorable for us. Despite the many difficulties and problems confronting us and the fact that it will be quite difficult to improve the economic environment, rectify the economic order, and readjust the economic structure, as long as we closely rely on and unite the people of all nationalities throughout the country, and resolutely implement the policy to improve the economic environment, rectify the economic order and deepen the reform, we certainly will be able to realize the 1989 plan in an all-around way and gradually overcome the temporary difficulties we face in the course of our advance in order to bring about a steady and sound development of the drive for socialist modernization.

At yesterday's meeting of the Second Session of the Seventh NPC, Wang Bingqian, state councilor and minister of finance, delivered a report on the implementation of the 1988 state budget and the draft 1989 state budget.

Wang Bingqian first reviewed the implementation of the 1988 state budget. He said: The year's revenue exceeded the budget target and the supply of funds was basically sufficient to meet the needs of the reform, construction and other undertakings. All in all, the year's state budget was fairly successfully implemented. According to the present estimates, the total amount of state revenue for 1988 was 258,782 million yuan and the total amount of state expenditure for the year was 266,831 million yuan.

The balance between revenue and expenditure showed a deficit of 8,049 million yuan. There will be some changes to these estimated figures when the final account of state revenue and expenditure is compiled in the future. However, the deficit amount is not expected to exceed the estimated figure.

Wang Bingqian listed the following difficulties and problems of the state finance in his report: 1) The state finance has experienced a deficit for several years in a row. Deficit is not limited to the central government alone. Some localities have also experienced it. In particular, county level finance is more difficult. 2) Low economic results for enterprises seriously restrict revenue growth. In addition, in these few years we have gone too far to reduce or exempt tax and profits delivered to the state, failed to control investment in fixed assets, and witnessed a sharp increase in loan repayments prior to tax payments. As a result, the funds available have been widely scattered. The percentage of state revenue in national income dropped from 31.9 percent in 1979 to 19 percent in 1988. This has made it difficult to pool funds sufficient to meet the needs of key reform and construction projects. 3) Tax dodging and evasion, the arbitrary retention of profits destined for the state treasury, and the diversion of funds as well as entertaining guests, gift giving, using public fund for tours, and other such wasteful practices are very serious. It is necessary to earnestly sum up experience to gradually correct these problems.

Wang Bingqian said: The main principles of the arrangements for the 1989 state budget are, in addition to concentrating funds and increasing revenue in an appropriate manner, to resolutely implement a financial policy of entrenchment to suppress demand for funds, curb expenditures and control deficit.

Wang Bingqian announced that the draft 1989 state budget being presented for examination and deliberation by the NPC session projects a total revenue of 285.68 billion yuan, which is an increase of 10.4 percent compared to the projected revenue for the previous year and a total expenditure of 293.08 billion yuan, which is an increase of 9.8 percent compared to the projected expenditure for the previous year. The balance between revenue and expenditures will show a deficit of 7.4 billion yuan, a reduction of 649 million yuan as compared to the projected deficit for the previous year.

Wang Bingqian said: The draft state budget was drawn up on the basis of the needs of this year's national economic and social development plan. Consideration was also given to such factors as price and wage reforms; the bank interest rate adjustments, which have the effect of reducing revenue and increasing expenditure; and to the amount of revenue increase and expenditure reduction due to the adoption of financial work policy measures.

In particular, Wang Bingqian elaborated on the following questions in his report:

1. The question of properly concentrating funds. The State Council has decided that, beginning in 1989, 10 percent of the extra-budgetary funds of all state-owned enterprises and institutions, government offices, organizations, PLA units, and local governments as well as the profit after income tax collection and private enterprises and individually owned shops and stores in cities, towns, and villages will be collected as part of a state budget regulation fund. The amount to be collected this year is estimated at about 12 billion yuan. The State Council has decided to impose a special consumption tax on color television sets and sedans this year to regulate production and consumption and open up a new financial source. At the same time, the levy of a tax on special agricultural and forestry products will be expanded, and the tax rate will also be raised. With regard to the construction tax on self-financed capital construction investment, the rate will be properly adjusted, and the method of collection will be improved. The import duty and the product tax and value added tax on imported products collected through the customs will be calculated at the actual foreign exchange rate.

2. The question of increasing agricultural input. According to the 1989 state budget, the expenditure for supporting production in rural areas and agricultural operating expenses stands at 17,396 million yuan, up by 1,886 million compared with the figure forecast for last year or an increase of 12.2 percent. The special funds set aside by central and local financial departments for helping the poor total 2.9 billion, exceeding last year by 300 million yuan. Meanwhile, this year the State Council decided to appropriately raise the purchase contract prices of grain and oil-bearing seeds, the procurement price of cotton, and to buy some price negotiated grain at the market price. It is necessary to increase the financial subsidy by nearly 9 billion yuan, while the peasants' income will go up.

3. The question of increasing investment in education. The 1989 state budget sets the operating expenses for cultural, educational, science, and public health projects at 51,388 million yuan, up by 3,481 million yuan above the figure forecast for last year, or an increase of 7.3 percent. Of this, education expense is 29,864 million yuan, an increase of 10.1 percent. Despite the relatively difficult financial situation and the retrenchment of expenditures in various fields, the state has done its utmost in planning its investment in education.

4. The question of adjusting bank interest rates and guaranteeing the value of saving deposits. The State Council decided that, beginning last September, the interest rates on both deposits and loans should be raised by 1 percentage point. Arrangements should be made to guarantee the value of time deposits of more than 3 years. From 1 February this year, the interest rates on fixed deposits of urban and rural residents, enterprises, and institutions have been raised by an average of 3.06 percentage points, and the rates of various kinds of loans by an average of 2.34 percentage points.

5. The question of readjusting workers' wages. To further arouse workers' enthusiasm and to solve problems workers encounter with price increases, the State Council decided to increase the wages of administrative institutions' workers at the beginning of an appropriate time this year. The council also decided to increase living allowances for retired workers of educational institutes and state-run enterprises.

6. The question of strictly controlling financial expenditures. The State Council has decided that the main part of the increased financial revenues for this year will be used as funds for reforming price and wage systems and for necessary spending in agriculture, education, scientific development, and national defense.

Wang Bingqian said: The draft 1989 state budget was decided after repeated calculation and study. Revenues were set to be received at a very late date and expenditures were firmly arranged. Even so, there are still certain amounts of deficits. Therefore, in implementing the budget, all localities and departments should strive to increase revenues and reduce expenditures. This will ensure that deficits are kept within the limits set in the budget and the localities and department do their best to minimize deficits. All localities and departments should launch campaigns to increase production, be economic, increase revenues, cut down expenditures, and work in all fields in an earnest manner.

He Kang Holds Press Conference

OW2103184689 Beijing Television Service
in Mandarin 1140 GMT 21 Mar 89

["Special News Report on the Second Session of the Seventh NPC," news conference hosted by Yao Guang, spokesman for the Second Session of the Seventh NPC, for foreign and Chinese reporters on 21 March; featuring He Kang, minister of agriculture, speaking on agricultural conditions in China—recorded]

[Text] [Video opens with a introductory caption board reading "He Kang Answers Reporters' Questions" with blank background, cutting to video of the meeting hall. Video throughout consists of medium pan shots of reporters in audience, interspersed with medium close-ups of Yao Guang and He Kang seated at a long table facing the reporters]

[Yao Guang] In order to enable more people to ask questions... [does not complete sentence]

[He Kang] The concern various circles are showing about agriculture has given us great encouragement. I think I will take this opportunity to brief you on some matters. After that, you ladies and gentlemen may ask questions. Kindly give us your advice.

The first point is that we have scored marked achievements during the 10 years of rural reform, but at the same time there have been setbacks, shortcomings, and

mistakes. The first of our achievements is a considerable increase in our farm produce, thus fundamentally solving the problem of food and clothing for China's 1 billion people. Here I want to point out that we support a population which accounts for 22 percent of the world's people, with only 7 percent of the world's arable land. Our grain output has increased from 300 million metric tons to 400 million metric tons. The increase has not come about through expansion of cultivated land. In fact, cultivated acreage has declined 8 percent. The per-unit yield has risen by more than 40 percent. The cotton output has risen from 2 million metric tons to 4 million metric tons. Although the acreage planted to cotton has not been increased, the per-unit yield has increased nearly 100 percent.

Second, the production structure in China's rural areas has undergone a great change. Secondary and tertiary industries, as well as village and township enterprises, account for 53 percent of rural production, while forestry, animal husbandry, aquatic production, and sideline occupations account for 40 percent of agriculture. Thus, the structure of agriculture has become more rational.

Third, the peasant incomes rose from 133 yuan in 1978 to 545 yuan in 1988, an approximately four-fold increase. Our setbacks mainly occurred in 1984, after a bumper harvest of grain and cotton. Because we were too optimistic about the situation, we readjusted the prices of grain and cotton and reduced investment in agriculture. This, in addition to severe natural disasters, caused a substantial drop in grain and cotton output in 1985. Because we paid attention to this situation, in 1986 and 1987 grain and cotton output began to rise again, but in 1988 our grain and cotton output failed to reach the high of 1984 due to severe natural disasters. Therefore, the real problem boils down to one point: That is, as Premier Li Peng pointed out, our economy is overheated. In particular, our industry and processing industry are overheated, but our agriculture is too cold—the temperature is too low.

The ratio of development between industry and agriculture should be 2 to 1, which is appropriate for a developing country. From 1979 to 1984 development was fairly quick, and the ratio was 1.5 to 1 or 2. As a result, industry and agriculture developed fairly rapidly. But from 1985 to 1987 the ratio became 4.5 to 1 and in 1988 the ratio was 6.6 to 1. This resulted in a grave disproportion between industry and agriculture. Therefore, at present our agriculture is unable to meet the needs of rising standards of living and the excessive rate of development of industry. Therefore, agriculture has become an important factor hampering our economic development.

[Video cuts suddenly to long pan shot of hall, as audio skips, rejoing He Kang in mid-sentence]

[He Kang, in progress] ... second point—our rural economy continued to develop last year. The major problem is a decline in the output of grain, cotton, and oil-bearing crops. Last year the total product of society in the countryside rose nearly 13 percent. Of this, the total value of agricultural output increased 3.2 percent and the value of village and township enterprise output went up by 26 percent. The output of animal husbandry, aquatic, and sideline production all rose more than 10 percent. Forestry also increased by more than 3 percent. Only farm production registered negative growth, or a reduction of 5 per 1,000. This was caused mainly by a decline in the output of grain, cotton, and oil-bearing crops.

Although grain output dropped 2.2 percent, we have completed 98 percent of our grain purchase contracts, which total 50 million metric tons. We have almost fulfilled these contracts. In addition, we have also completed nearly 90 percent of the planned purchase of grain from peasants at negotiated prices. In addition to our grain in stock, we have no problem ensuring the grain supply. We have also made arrangements for shipping more grain to disaster-stricken areas. At the same time we have regulated the strain, and imported some grain as appropriate. Therefore, although there is some pressure on our grain supply, it seems that this is not a crisis. I think this problem can be solved through concerted effort.

The most important thing for us is to make concerted efforts to solve the problem of insufficient reserve strength for agricultural development because of reduced agricultural investment over the years. Before the Fifth 5-Year Plan our capital investment in agriculture was about 11 percent. It was reduced to 6 percent in the Sixth 5-Year Plan and 3 percent in the Seventh 5-Year Plan. As for industrial products used in agriculture, meaning chemical fertilizer, this was at 3 percent before the Fifth 5-Year Plan and is now reduced to 1 percent. It is imperative that we take additional measures to solve such problems as insufficient investment in agriculture, disrepair of water conservancy works, dilapidated machinery and equipment, soil erosion, and diminishing grassland.

The third point is that in 1989 our agriculture is reaching a new turning point, and the prospects look good. However, great efforts are still needed to strive for a bumper harvest this year. The difficulties lie in trying to achieve a 4 percent increase in grain production, 7 percent in cotton, and nearly 20 percent in oil-bearing crops. This is relatively difficult. However, last November we summed up the experience of and drew lessons from the past 10 years of reform. The CPC Central Committee held a rural work conference, reaffirmed the importance of agriculture, strengthened leadership, and increased agricultural investment, thus giving agriculture a new lease on life. Premier Li and Vice Premier Yao have touched on this area in their reports.

I want to add several points. First, on the matter of policy, in addition to continuously stabilizing and perfecting the household management contracting system,

we emphasize raising the procurement price for grain and cotton. On the matter of the grain price, we are raising the contracted purchase price by 18 percent. As for uncontracted purchase prices—negotiated prices—we abolish this, and all grain will be procured at a market price. Second, we are increasing the supply of low-priced chemical fertilizers to peasants and linking the supply of chemical fertilizers to proportions of grain sales. In the past, 3 tons of chemical fertilizers were supplied to peasants for every 50 tons of grain sales. The proportion has now been increased to 10 to 15 tons for every 50 tons of grain sold to the state. Third, in order to rationalize grain prices and price ratios for other farming products, profits from village and town enterprises will be used to subsidize grain production and agricultural production will be supplemented with profits from village industry. In addition, special taxes will be levied on the sales of higher-valued agricultural products such as fruit, aquatic products, and farm produce to supplement and support the grain production.

As for cotton, the first goal is to effect a 10 percent rise in contracted cotton purchase price. Second is to offer incentives to cotton growing areas to grow more cotton: areas exceeding their quota will keep 70 percent of the extra revenue from cotton sales. This is an incentive to encourage localities to develop cotton production. Third, in order to prevent speculation and profiteering in the means of agricultural production, these will be managed exclusively by supply and marketing cooperatives. Fourth, farmland occupation tax, which started last year to discourage the occupation of excessive farmland, is levied on land occupants and in reclaiming land and compensating for farmland used. The tax could amount to 3 billion yuan each year if it is fully collected. Fifth, proper guidance will be given on the consumption of liquor, for example. As liquor making consumes 12 million metric tons of grain annually, a tax will be levied to restrict the use of grain for making liquor. These are policy measures.

As for increasing capital input, a special fund similar to the special energy fund will be established for agriculture. Beginning this year the state will allocate 1 percent of extra-budgetary funds for capital construction for developing agriculture, which should amount to about 1.5 billion yuan annually. Combined with the various other taxes collected for agriculture, such as land occupation tax, village and township enterprise tax, and special agricultural and forestry product tax as mentioned by Premier Li, this is expected to bring the total to 5 billion yuan for agriculture, if fully collected. We have spent these funds to reclaim land in 18 provinces and regions since last year. Moreover, due to the attention paid by all relevant departments, the supply of production means will be increased, with chemical fertilizers increasing by 5 million metric tons; plastic sheets for agricultural use by 80,000 metric tons; and insecticides by 20,000 metric tons.

As for irrigation and water conservancy, last year was our best year in the past decade, increasing irrigated area

by 10 million mu and improving the irrigation for 40 million mu of farmland. The crops sown last autumn are in better shape than in previous years. There are a total of 30 million hectares of grain and oil-bearing crops overwintering, with the area of grain crops up 400,000 hectare from last year. Their growth is more promising than in previous years. Nevertheless, we have to exert still greater efforts in order to win a bumper harvest.

I have been talking a lot. You may ask questions now.

[Male Caucasian reporter] It has been reported that peasants are reluctant to invest in land. Other socialist countries, including Poland, have allowed peasants to buy land. Have you ever considered letting Chinese peasants buy their own land? Thank you.

[He Kang] We have separated ownership from the right to use land in order to encourage our peasants to invest in land. This is to say that although land is owned by the collective, land that has been invested in is transferred with compensation. Thus, a peasant can be compensated for his investment when the land is transferred to another peasant for contracting. In the case of barren mountains and wasteland that will require a longer period of time to be developed, we have extended the contract period to 50 years and allowed contracted land to become heritage [last word in English].

[Male Chinese reporter] I am from the China International Radio Station. My questions are: Will the adjustment in the grain purchase price this year be enough to offset increased grain production cost? How big is the impact of the current retrenchment policy on village and township enterprises, and does this mean that the total social output value in rural areas this year will be lower than that of last year?

[He Kang] With regard to the first question, this is one of our concerns, because the grain price increase is only 18 percent while the increase in prices of means of production are even higher. Therefore, we have introduced the exclusive management system in order to stabilize the prices of means of production and avoid intermediate price hikes and profiteering. At the same time, aside from the 50 million metric tons to be purchased under contract, peasants may sell grain according to market prices, and thus can be compensated for grain sold outside contracts. It is of utmost importance to strictly control the prices of means of production.

On the second question, village and township enterprises are indeed confronted with difficulties in capital, raw materials, and energy supplies and the settlement of construction workers returning to rural areas. Now we must transform pressure into impetus. In the past few years village and township enterprises have grown at a rate of nearly 30 percent. This year we plan to lower it to 15 percent and concentrate efforts on improving quality and efficiency. We will shut down, suspend operations, merge, or switch to other lines of production those

village and township enterprises that have poor efficiency and cause serious pollution, while promoting those with better efficiency. Village and township enterprises are peasants' industries, or grassroots industries [last two words in English]. The shortage of capital should be solved with funds raised by peasants. In spite of difficulties, these enterprises have tided over each year. We hope that the readjustment will allow them to develop in a more wholesome manner.

On the third question, if this year's agriculture plan is fulfilled, we will be able to reach the targeted 4 percent growth rate for total social output value in rural areas.

[Female Caucasian reporter, speaking in English followed by Mandarin translation] A lot of economists say that the basic problem with agriculture right now is that the rural regions are being forced—and have been for 4 decades—to subsidize urban development, and that the plight of the farmers will never be resolved until people in the cities pay a real price—a price that reflects production—for their agricultural goods, instead of having subsidies. What is your response to that? [Video shows He Kang nodding, smiling, and writing briefly as translation begins, after which he appears to wait for translation to conclude]

[He Kang] In my view, this question involves the relationship between a group of 800 million people and one of 200 million. We will have to convince city residents with increased prices that are acceptable to them. As you know, subsidies for grain and edible oil amounted to only 6 to 7 billion in 1978, and rose to probably 22 billion yuan last year. This is indeed a major problem. In this way, we have fired the production enthusiasm of peasants on the one hand and encouraged consumption—even waste—on the other. Therefore, this problem should be solved gradually. In view of workers' relatively low wages, we can take measures to solve the problem only gradually.

[Female Caucasian reporter] I am a reporter from DELO, in Yugoslavia. Today peasants with contracted land in some well-off areas in China hire laborers from other places—especially peasants from impoverished areas—to till the land. What is the central government's stand on such phenomenon?

[He Kang] We will terminate the contracts of peasants who fail to fulfill the responsibilities for contracted land, transferring the contract to other people who can make better use of the land. In this respect, we will step up supervision over work to assure that land will not be wasted.

[Male reporter] I am from LIEN HO PAO, in Taipei. Would you please tell us the amount of grain imports this year, since you just mentioned the possibility of continuing grain importation? Second, it was reported that grain coupons have probably become invalid in southern provinces. Can this be interpreted as offsetting the central government's authority?

Third, Taiwan's agriculture has developed to a stage where it can provide useful technical information, including forestry techniques and agricultural organization. Such technical information has played an important role in Taiwan's agricultural development. In the past, Taiwan's farming teams visited many countries. During Taiwan's transition from agrarian to industrial society, it should be able to provide such information to the mainland. [As video stays on reporter, in a medium shot, an unidentified speaker says "Please make your questions brief"] Have you ever given thought to this idea?

[He Kang] On the first question, the importation is handled mainly by the Commerce Ministry and the Ministry of Foreign Economic Relations and Trade. I am not familiar with the actual work, but it will depend on this year's summer harvest. A good harvest will make it unnecessary for us to import a large amount of grain. As far as the Agriculture Ministry is concerned, we will go all out to achieve a bumper summer harvest.

On the second question, I feel that, on the contrary, grain coupons have become negotiable securities reflecting the price disparity between grain purchased at fixed and market prices. As I understand it, grain coupons are still used everywhere. They have become something like securities. In places with grain shortages, it is possible that grain cannot be bought with grain coupons, but this is only temporary.

On the third question, about information, we have set up a nationwide agricultural information network, as well as agricultural centers, in all counties to provide information and technical guidance to the peasants. We hope to exchange experience with Taiwan in this regard.

[Male reporter] I am a reporter from KEJI RIBAO. You have spoken about achieving a large output increase this year. Would you please tell us about major technical measures to be taken in the near future, especially to increase the farming output from low- and medium-yield land and in remote frontier provinces? Thank you.

[He Kang] First of all, we have launched a harvest plan to popularize a total of 20 projects in advanced agricultural technology this year. For example, the acreage in hybrid rice will increase by 10 million mu. Second, in implementing the regional development plan this year, we will invest at least 1 billion yuan to transform low- and medium-yield land, which constitutes 70 percent of China's farmland, as well as to reclaim new land. Third, to ensure the supply of nonstaple foodstuffs to the cities, we will carry out a project to improve the techniques for breeding better strains of livestock, poultry, and vegetables.

[Male Caucasian reporter, speaking in English followed by translation into Mandarin] IZVESTIYA, Soviet Union. According to reports, in 40 years China has lost a great amount of farmland, equal to 50 percent of the amount of land available for agriculture. According to reports, the trouble is that the current land use law

cannot control the misuse of land. As the minister of agriculture, how do you assess this situation? Do you think it is that serious? If it is, what measures are you going to implement? Thank you.

[He Kang] Indeed, this is a very serious problem. China's per capita farmland has declined from one-fifth to one-tenth of a hectare over the past 4 decades. Our solution is to enforce land management through the State Land Administration Bureau. At the same time, we have taken economic measures such as levying farmland occupation tax to limit the use of land, while using the tax collected to develop new land to make up for the land lost. The implementation of these measures has lowered the acreage of lost land from 400,000 hectares annually to 200,000 hectares last year.

[Yao Guang] With this, we conclude today's the press conference. [Video ends with shots of reporters leaving the hall]

Addresses Land, Price Issues

HK2203110289 Beijing RENMIN RIBAO
in Chinese 22 Mar 89 p 3

[By reporters Ling Zhijun (0407 1805 6511) and Zhu Weiqun (2612 4850 5028): "Two Hot Points: Land and Prices—Minister of Agriculture He Kang Answers Questions From Chinese and Foreign Reporters"]

[Text] The issues of land and the prices of agricultural products have become two hot points that Chinese and foreign reporters are concerned about. During a press conference given on the afternoon of 21 March by the Second Session of the Seventh National People's Congress, Minister of Agriculture He Kang answered questions raised by Chinese and foreign reporters.

Reporter from REUTER, the United Kingdom: Other socialist countries, including Poland, have allowed peasants to buy land. Have you ever considered letting Chinese peasants buy their own land?

He Kang: What we are doing now is improving the existing responsibility system linking remuneration to output and extending the terms of land contracts. Although land is owned by the collective, the right to use the land that peasants have invested in can be transferred with compensation. In the case of barren hills and wasteland that will require a longer period of time to develop, we have extended the contract period to 50 years and allowed contracted land to be inherited.

Reporter of the China International Radio Station: Will the adjustment in the grain purchase price offered by the state this year be enough to offset increased grain production costs?

He Kang: This is also one of our concerns, because the grain price increase is only 18 percent, while the increase in the prices of means of production is even higher. The

introduction of an exclusive management system can prevent intermediate price hikes and profiteering and thus stabilize the prices of means of production. At the same time, aside from the amount of grain to be sold at a lower price under contract, peasants may sell the rest of their grain at market prices, and thus they can be partly compensated.

Reporter of JINGJI RIBAO: It is reported that China has now become the third largest grain importer in the world and will possibly become the largest grain importer later on. Could you comment on this?

He Kang: China used to import over 10 million jin of grain each year before 1984. It became a net exporter of grain in 1985 and 1986. Since 1987 China has again been a net importer of grain. Due to natural disasters last year, a greater grain import volume is expected this year. As minister of agriculture, I wish to import as little grain as possible.

Reporter of Taiwan's LIEN HO PAO: Would you please tell us the amount of grain imports?

He Kang: The importation is handled mainly by the Ministry of Commerce and the Ministry of Foreign Economic Relations and Trade. A good harvest will make it unnecessary for us to import a large amount of grain.

Reporter of DELO, Yugoslavia: Today peasants with contracted land in some well-off areas in China hire peasants from impoverished areas to till the land. What is the central government's stand on such a phenomenon?

He Kang: We will terminate the contracts of peasants who fail to fulfill the responsibilities for contracted land, transferring the contracts to other people who can make better use of the land. In this respect we will step up supervision over work to ensure that land will not be wasted.

Reporter of IZVESTIYA, the Soviet Union: According to reports, over the past 40 years China has lost a great amount of farmland and failed to keep the existing farmland under strict and good management. As Minister of Agriculture, how do you assess this situation?

He Kang: Indeed, this is a very serious problem. China's per-capita farmland has declined from one-fifth to one-tenth of a hectare over the past 4 decades. In this connection we have set up a State Land Administration Bureau to enforce land management. In the meantime, we have started levying a farmland occupation tax to limit the use of land and we have used the tax collected to develop new land. The implementation of these measures has lowered the acreage of lost land from 400,000 hectares annually to 200,000 hectares last year.

Reporter of LIEN HO PAO, Taiwan: It was reported that grain coupons have probably become invalid in southern provinces. Can this be interpreted as offsetting the central government's authority?

He Kang: Grain coupons have become negotiable securities reflecting the price disparity between grain purchased at fixed and market prices. As I understand it, grain coupons are still used everywhere.

Reporter of the Voice of America: You have just revealed that the government is going to levy some new taxes on such goods as fruit and aquatic products. Can you explain this in further detail?

He Kang: In this respect, the tax rate will probably range from 5 to 15 percent for different categories of goods. For instance, the tax rate will be relatively high for sea cucumbers and other rare aquatic products promising high profits. On the other hand, growing fruit on wasteland is subject to a lower tax rate or can be tax exempted, while a higher tax rate will be applied to fruit grown on farmland.

Denies Grain Supply Crisis
HK2203090889 Beijing RENMIN RIBAO
in Chinese 22 Mar 89 p 1

[Report by Zhu Weiqun (2612 4850 5028) and Ling Zhijun (0407 1807 6511): "He Kang Speaks to Chinese and Foreign Reporters on the Agricultural Situation"]

[Text] On 21 March, Agriculture Minister He Kang talked about China's agricultural production situation at a press conference attended by Chinese and foreign reporters at the Great Hall of the People. He said that although grain output decreased by 2.2 percent last year, 98 percent of the contracted purchase target and nearly 90 percent of the market price purchase target were fulfilled. With the original grain reserve in stock, there will be no problem in grain supply this year. Although the supply of grain is strained, this does not constitute a crisis.

He Kang admitted that there were also some setbacks and errors in agriculture in the past few years, although achievements were scored. He said that after the bumper harvest in 1984, we were excessively optimistic about the situation and lowered the grain price and reduced agricultural investment. As this was coupled with natural disasters, the output of grain and cotton decreased by a big margin in 1985. Then, we again attached importance to agriculture in 1986 and 1987, and restored grain and cotton production to a certain extent. However, we again encountered serious natural disasters in 1988.

He Kang expressed optimism about the trend of agricultural development at present. He said that the results in the construction of farmland and irrigation works achieved last year were the best in the past 10 years. An additional irrigated area of 10 million mu was created, and the irrigation conditions for 40 million mu of farmland were improved. The area sown with winter grain crops was increased by 400,000 hectares, and the crops are now growing in a satisfactory condition.

Hu Yaobang Issues Autograph
OW2203072989 Beijing XINHUA Domestic Service
in Chinese 1156 GMT 21 Mar 89

["Local Broadcast News Service"]

[Excerpt] Beijing, 21 Mar (XINHUA)—Dispatch: Interesting Sidelines of the NPC and CPPCC Sessions.

A Character Worth a Thousand Pieces of Gold

Hu Yaobang, member of the CPC Central Committee Political Bureau and deputy to the Seventh NPC, checked in at the place where the Sichuan NPC delegation is staying on 18 March. When Hu Yaobang finished his conversation with a leading comrade of this delegation, a young man stepped forward to ask him for an autograph as a memento. After taking a notebook from the young man, Hu Yaobang joked with him by saying: "My autograph is very expensive! Each character is worth a thousand pieces of gold." The young man laughed and said: "I can just afford to pay you that much." Hu Yaobang responded: "Then you will be granted a loan." While joking and laughing, he wrote his autograph for several young comrades.

Most PLA Deputies in Civilian Clothes

People are discovering a conspicuous change at places where PLA deputies are staying: All PLA deputies attending last year's NPC session were in military uniform; however, most of those attending the present NPC session are in civilian clothes. [passage omitted]

Reaction to Li Peng Work Report Continues

Commentary Cites Frankness
HK2103131289 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1012 GMT 21 Mar 89

[Commentary by Shi Fu (4258 1133): "A Frank and Cautious Government Work Report"]

[Text] Hong Kong, 21 Mar (ZHONGGUO TONGXUN SHE)—Premier Li Peng's Government Work Report served as an explanation of the spirit of the 3d Plenary Session of the 13th CPC Central Committee and as a review of its 6 months of implementation and its prospects.

The report cited the 1988 accomplishments, while stressing the problems and difficulties confronting China. "Most outstanding were the emergence of marked inflation, and the excessively steep price increases...and the actual living standards of a considerable portion of urban citizens dropped to some extent." "In addition to the dislocation in the economic structure, and the stalemate in agricultural development, limited resources have been thrown into the

processing industry and nonproductive projects," "educational undertakings lagged behind, while educational development and reform failed to meet the needs of socialist construction..."

It is acknowledged in the report that: "There were shortcomings and mistakes and in our work guidance," "the tendency of being overanxious for quick results," "lacking sufficient knowledge in the arduousness and complexity of reform, and failing to pay enough attention to comprehensiveness and forming a wide range, while failing to promptly strengthen control and supervision and to take a firm grasp of establishing a macro-control system in the course of adhering to decentralization and invigorating the economy."

The aforementioned actions of "revealing one's shortcomings" and "self-criticism" indicate that China now has a clear understanding of the adverse situation it faces. It no longer tries to paper over the drawbacks, crying futilely "the situation is great and getting only better; and everywhere there is a scene of prosperity."

Over the last 6 months, the Chinese Government has done a great deal of work and attained results in the "improvement of the economic environment and rectification of the social order." Li Peng used many cautious, reserved remarks in the report. For example: "preliminary results," "the target is yet to be reached and the mission is still arduous," "the level of the issuance of money is still excessively high," "the phenomenon in which party and government organs are engaged in business and operate enterprises has been basically halted," and "the overheated economy is cooling down and the momentum of rising prices has weakened" and so on. This is to say, although results have been attained, there are still many problems, and we should not relax our vigilance. "Both government and people should be mentally prepared for several lean years ahead."

The recognition of a problem signals the beginning of its solution. Overcoming blindness makes possible the promotion of construction and the advance of reforms. The eight suggestions listed by Li Peng are mostly practical and specific policies. For instance, in the matter of strengthening agriculture, not only the three measures of relying on policies and reforms, on science and technology, and on increases in inputs are put forward, but, beginning from 1 April, the purchase prices of contracted grains will be raised by 18 percent on average. When new cotton is put on the market, the purchase price for cotton will be raised. As for educational development, its importance has been emphasized. Not only that, it has been put forward that, and this is under the condition of tightening up financial expenditure in every aspect, educational expenditure will not be reduced. Instead it will be increased by 5 billion yuan, which represents an increase of 15.4 percent.

Macao Deputy Hails Report

OW2203101389 Beijing Domestic Service
in Mandarin 1030 GMT 21 Mar 89

[From the "National Hookup" Program]

[Text] At the opening session of the Second Session of the Seventh NPC, Ma Wanqi, Standing Committee member of the NPC from Macao and chairman of the Macao Chamber of Commerce, was seen at one time listening attentively to the government work report of Premier Li Peng. Later, he was seen applauding Li Peng's report. After the meeting, when a reporter asked his views on Li Peng's report, Mr Ma Wanqi said: I think it is a good report; it is sincere, frank, and realistic. This report fully affirms the great achievements scored in the ten years of reform and opening to the outside world. It also truthfully and clearly explains to the deputies the problems that have emerged in the course of reform and opening to the outside world. It also proposed concrete goals and measures for improving the economic environment and rectifying the economic order for this and the next. In my view, the measures adopted are correct, feasible and are, for the time being, the only methods.

Mr Ma Wanqi, aged 69, is a native of Guangdong's Nanhai County. He went to Macao in the early 1940's to engage in social welfare work. After the victory of the War of Resistance Against Japan, he, along with communists and other democratic people, strove for democracy and worked against Chiang Kai-Shek. He ultimately won recognition and a reputation in business circles. He has always shown concern for political and economic development on the mainland and has proposed many useful suggestions. When touching on the present difficulties, Mr Ma Wanqi said: The present problems are those that are expected to pop up in the course of advance. As Premier Li Peng clearly explained the state's real situation to the people's deputies, I think all will understand him.

Mr Ma Wanqi said with full confidence: If NPC deputies make concerted efforts, study the existing problems along with all the nation's people, and advance opinions and suggestions, our country will surely be able to overcome present difficulties and forge ahead.

Station Editor Expresses Support

OW2103232489 Beijing International Service
in Mandarin 0900 GMT 21 Mar 89

[Text] Dear audience and friends: Chinese Premier Li Peng gave a report on the work of the Government during the past year to the Second Session of the Seventh National Congress on 20 March. In view of difficulties and problems which China has encountered in the course of implementing its reform program, our station editor, just like other citizens throughout China, is extremely concerned about the report. The following are remarks made by our station editor on Premier Li Peng's report:

After hearing this report, my first impression is that Premier Li had discussed, at great length, the difficulties and problems China has encountered in the course of implementing its reform program and the reasons for creating these difficulties and problems. Particularly, he reviewed and analyzed the shortcomings and mistakes of the Government in guiding the reforms. I remember that more than a month ago, Li Peng talked to people in all walks of life in Beijing who attended the Spring Festival party. When he mentioned, for the first time, the shortcomings and mistakes of the leadership, his remark aroused applause. Naturally, there was no booing. Such applause served to hail the courage of the Government in blaming itself.

Last year marked the 10th anniversary of the implementation of China's policy to carry out reform and open to the outside world. On the one hand, China has scored new achievements in all its undertakings and made marked progress in all spheres. On the other, historical changes have already taken place in China. It is faced with all kinds of problems, such as inflation and price increases. Therefore, the current session of the National People's Congress is being held amidst a complicated situation, and at a time when the country is faced with many difficulties. However, in all fairness, China's reform program moves from the easy to difficult, just like the changes in other countries throughout the world. It is not hard to understand that the nation will run higher risks and face even greater difficulties, when it encounters obstacles in the course of continuing its reform program after a decade. But, just as Li Peng said in his report, the leadership has not fully understood the arduous and complex nature of the reform. In addition, there is a tendency to be impatient for quick results, which leads to the current difficulties. It was for this reason that, in September 1988, the CPC Central Committee called for efforts to improve the economic environment and rectify economic order within the next 2 years. When this call was first made, many people were worried that it would affect the implementation of the reform and openness policy. It is not realistic if we say that such a call would have no effect on this policy. To slow down the pace in the implementation of the reform and openness policy itself affects the policy. Nevertheless, our practice of improving the economic environment and rectifying economic order has not put a brake on the reform program. Instead, it seeks to open it even wider to the outside world. In his report, Li Peng reaffirmed this point, saying that the leadership in China is able to correct its unhealthy tendency of wobbling to either the "left" or the right, and of working enthusiastically one minute, and refusing to work at all the next—a tendency which had repeatedly cropped up in the past.

Currently, people abroad and at home say that the difficulties China has encountered in the course of carrying out reform have only emerged following the political reform. Some people even suggest implementation of the political system of the West. Actually, China's history, culture, and

actual conditions are different than those of other countries. China has already suffered a great deal by mechanically copying things from foreign countries. China is now reforming its political system according to its own state of affairs. During the first 3 months alone, the Chinese Government has made a series of policy decisions on building a clean and honest government, imposing stringent demands on party members, improving the system of multiparty cooperation under the leadership of the Communist Party of China, and allowing literature and art to flourish. In his report, Li Peng discussed the various government plans for reform of China's political system. I think, nearly 3,000 NPC deputies will definitely make many constructive criticisms and suggestions during the 16-day session. All this will help China improve the economic environment, rectify economic order, and carry out reforms and construction, even more reliably and with a scientific approach.

Details of Drafting Work Report Highlighted
OW2203014089 Beijing XINHUA in English
0108 GMT 22 Mar 89

[Text] Beijing, March 22 (XINHUA)—Focus on economic readjustment and candor about the government's mistakes in work are two characteristics of Premier Li Peng's report delivered at the Second Session of the Seventh National People's Congress which opened here Monday.

Drafting of the report began late in 1988 in which China encountered many difficulties, notably worsening inflation and soaring prices.

A member of the report drafting team told XINHUA that before they set down to the work on December 28, the premier had instructed the team that the report must deal with the major problems confronting the country and touch on the State Council's mistakes such as impatience for quick results in economic and social development. He also required that the report should be written in simple and plain language.

As for mistakes, the premier told the team when he revised the draft report together with them, "Don't shift the blame onto local authorities. The State Council should bear the responsibility for the mistakes."

Following the format of previous government work reports, the first version had three sections: 1) the government's work in the past year, 2) tasks for the new year, and 3) foreign policy. But the version was spiked by the writers themselves because it was too generalized.

Then, a new version, which focused on improving the economic environment, straightening out the economic order and deepening the reform, was produced.

On February 1, Premier Li Peng summoned the team to his office. And in the next two and half days, he discussed and polished the second version sentence by sentence together with the team.

When revising the second version, the premier remarked that economic supervision, audit supervision in particular, should be stressed.

He also said agricultural development should be the first and foremost of the objectives in China's economic readjustment.

Two weeks later, the third version of the report was submitted to the leaders of the State Council and then passed onto the Political Bureau of the party Central Committee on February 25.

It was approved in principle while suggestions for further revision were made: greater prominence be given to the guiding principle for improving the economic environment, straightening out the economic order and deepening the reform, and special attention be paid to ensuring the development of science and technology and education.

After the fourth version was finished, Li Peng convened a plenary meeting of the State Council on March 3, at which he asked all the ministers to discuss the draft report and offer their opinions for revision in a week. It was also decided that opinions be solicited from among the leaders of the provinces, autonomous regions and municipalities.

One week later, opinions for revising the draft report were collected from all over the country. These were carefully studied and many of them were incorporated into the fifth and final version.

From March 7 to 10, as entrusted by the State Council, the United Front Work Department of the party Central Committee invited leaders of the democratic parties and people's organizations and representatives of minority nationalities, religious leaders, nonparty personages and intellectuals, altogether 120 people, to a forum to express their opinions on the draft report. On March 15, Premier Li Peng carefully studied the 26,000-word fifth version, making some finishing touches and putting his signature to the report for delivery at the Second Session of the Seventh National People's Congress for deliberation by the deputies.

Yan Mingfu Opposes Dalai Lama Separatist Trends
HK2103152589 Beijing ZHONGGUO XINWEN
SHE in Chinese 1433 GMT 21 Mar 89

["Yan Mingfu Talks About the Tibet Issue in Detail"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 21 Mar (ZHONGGUO XINWEN SHE)—Today, Yan Mingfu, secretary of the CPC Central Secretariat, talked about the Tibet issue in detail

when attending the group meeting of Hong Kong and Macao members of the CPPCC National Committee, and he once again expressed a welcome to the Dalai Lama if he wants to return to China.

Yan Mingfu said: The 10 years after the conclusion of the "Cultural Revolution" should be regarded as the happiest decade for the Tibetan people in their history. The state allocated 1 billion yuan each year to Tibet and gave an average of 500 yuan of subsidy to each person every year. Why did they still feel troubled? Because they lacked the Buddha that they could worship. There should be two Buddhas in Tibet. The Panchen Lama was one of them, but he has passed away. The Panchen Lama had influence in Rear Tibet before he died, but his influence in Front Tibet was not as big as the Dalai. The people in Tibet generally hope that the Dalai will return home. In accordance with the needs of the Tibetan people, the central government also expresses welcome to the Dalai's return, and the sole condition is that he not launch any separatist activity. Except for "Tibet's independence," all questions can be discussed. The CPC Central Committee's United Front Work Department is responsible for contacting the Dalai and arranging negotiations with him.

Yan Mingfu said: After the Panchen Lama died, we thought that it was a good opportunity for the Dalai's return, and hoped that the Dalai Lama would free himself from foreign influence and control and from the control of some separatist forces around him. We sent an invitation to him and asked him to return and participate in the activities of mourning the Panchen Lama's death. He replied that because of the surrounding resistance, he could not return to China.

On the other hand, however, he continued to air some separatist views, and his government-in-exile made use of the opening up of Tibet to send people across the border to plot a large-scale riot in Lhasa on 10 March. To prevent violence and to save the lives and properties of the Tibetan people, the central government decided to impose martial law in Lhasa, thus disrupting their plan of a large-scale riot. We confirmed that they had shipped many weapons into Tibet; and that they had sent in some people who had undergone special training in Japan. These people were not trained by the Japanese Government, of course, but by different kinds of organizations that paid for the training. Soon after we learned this, we sent a message to the Dalai Lama and requested that he stop doing this if he really intended to improve relations with us. Aware of our strict control, the Dalai then turned to foreign tourists to infiltrate Tibet through various channels, showing no sincerity in attempting to improve relations with us.

Yan Mingfu said: We are determined to defend China's territorial integrity and we are determined to strive side by side with the Tibetan people for greater progress in the political and economic fields and to improve the people's livelihood in this region. At the same time, we

sincerely hope that the Dalai Lama will stop attempting to split the motherland and to separate Tibet from China, open talks with the central government, give up his plan for independence, return to Tibet, and live a peaceful and happy life with the Tibetan people.

Comments on Martial Law

OW2103160489 Beijing XINHUA in English
1534 GMT 21 Mar 89

["High-Ranking Official Reveals Reason for Martial Law in Lhasa"—XINHUA headline]

[Text] Beijing, March 21 (XINHUA)—The State Council imposed martial law in Lhasa on March 8 because intelligence showed that a separatists group abroad had planned to launch new riots on March 10, said a high-ranking Chinese official here today.

Yan Mingfu, member of the Secretariat of the Central Committee of the Chinese Communist Party and director of the United Front Work Department of the Party's Central Committee, said that the move was designed to avoid bloodshed and protect people's lives and properties.

Reliable intelligence showed that the rioters had smuggled weapons into Tibet from abroad and some of them who had received unofficial terrorist training abroad had already entered into Tibet.

He told Hong Kong and Macao members of the Chinese People's Political Consultative Conference that the imposition of martial law was to upset the separatists' plan for new riots.

He said there are many people abroad who attempt to separate Tibet autonomous region from China and they include some old-line imperialists and new careerists.

For instance, he said, an European woman, who had been to Tibet several times in pseudo names, played an inglorious role in the Lhasa riot on December 10 last year. He said the woman was sent to Lhasa by the separatists group abroad with instructions for organizing the riot.

He revealed that this information was offered by Tibetan patriots and this showed that most Tibetan lamas are patriotic.

Yan Mingfu stressed: "We are determined to safeguard the territorial integrity of the state and we are determined to run the economic and political affairs and the people's life better and better together with the people in Tibet."

"We also sincerely hope that the Dalai Lama would give up his attempt to separate the motherland and sit down to negotiate with the central government."

Yan also revealed that relevant central departments now keep direct contacts with the Dalai Lama.

Li Xiannian Comments

OW2203132589 Beijing XINHUA in English
1301 GMT 22 Mar 89

[Text] Beijing, March 22 (XINHUA)—Li Xiannian, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), called on members attending the current CPPCC session here today.

These members are from various circles including agriculture, religion, the press and publication, social welfare, minority ethnic groups and compatriots from Hong Kong, Macao and Taiwan.

In a cordial chat with 95 members of minority nationalities, Li Xiannian said: "We stand for the unity of all nationalities. Attempts by a handful of separatists in Tibet to split our country will never succeed. Ours is a multinational country and we shall do a good job in uniting all nationalities in China."

The chairman also urged CPPCC members to discuss major issues of the nation in depth and make the current session a success.

While extending greetings to the members from religious circles, Li said: "I respect all kinds of religion although i'm an atheist."

Asked by a Hong Kong reporter about the future of the region, Li said: "We have full confidence in Hong Kong's future, and we wish Hong Kong prosperity. I think people in Hong Kong should have confidence too."

He said "yes" in reply to the question whether Taiwan reporters with official permission from Taiwan authorities will be welcomed on the mainland.

CPPCC Second Session Activities Reported

Yan Mingfu on Multiparty Cooperation

HK2203042589 Beijing ZHONGGUO XINWEN
SHE in Chinese 1511 GMT 21 Mar 89

[Report by Chen Liyu (7115 4539 1342): "Yan Mingfu Says That Multiparty Cooperation Is Under Study"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 21 Mar (ZHONGGUO XINWEN SHE)—At a group discussion held by Hong Kong and Macao members of the Chinese People's Political Consultative Conference [CPPCC] today, Yan Mingfu, Secretary of the CPC Secretariat, disclosed that a group had been formed comprising CPC members, democratic party members,

members from industrial and commercial federations, and people without party affiliation, with the aim of studying how to develop and improve the multiparty cooperative system.

Yan Mingfu said that a program in line with China's actual conditions would be worked out in June or July this year and then submitted to the supreme leadership organs of democratic parties for discussion. This may involve the revision of the constitution or the formulation of a special law. Some people suggested drafting a charter, such as one on multiparty cooperation by which democratic parties will abide.

Yan Mingfu added that the issue of improving the multiparty cooperative system and the political consultative system was put on the agenda last December.

Equality for Political Parties Urged

HK2203072589 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1330 GMT 20 Mar 89

[Dispatch from contributing reporter He Fang (0149 2455): "Huang Menghua calls on the CPC to treat all democratic parties on the basis of equality"—ZHONGGUO TONGXUN SHE headline]

[Text] Beijing, 20 Mar (ZHONGGUO TONGXUN SHE)—Chinese People's Political Consultative Conference [CPPCC] National Committee Member Huang Menghua called on the CPC to be modest, graceful, poised, and magnanimous; not to adhere any more to the blossoming of a single flower and commenting from only one school of thought; and to treat all democratic parties and people's organizations equally.

At the Second Session of the Seventh CPPCC National Committee, Huang Menghua pointed out that in the foreseeable future, no political force at home could contend with the Communist Party and there was therefore, no possibility of many parties being in power by rotation. The Communist Party can utilize its own dominant position to lead all democratic parties and figures with different political views to help with the important affairs of state, but must have a broad mind to be on the same basis of equality with the other parties.

Huang Menghua said that the CPC should respect the independence of all democratic parties. In view of this, he suggested that it should be the secretariat of the CPC, rather than its United Front Department, that would be responsible for keeping ties between the CPC and the other political parties. He said that it was abnormal abroad for a deputy head of the United Front Department to hold a meeting of the leaders of all democratic parties because it appeared that all democratic parties were a grade lower and were somewhat like political organizations subordinate to the ruling party.

Huang Menghua called on the Communist Party members to resign from the leadership level of all democratic parties or organizations. He said that in all European and American countries, people could be transferred from a certain party to another party at any time, but there are very rarely trans-party members and it was inconceivable that as the member of one party, a person would become the leader of another party. He said that for special historical reasons and due to the fact that one party had exercised dictatorship for the past 40 years, such a situation had emerged on the mainland. Although we agree on the continuous existence of trans-party members, it is inadvisable that they become the leaders of other parties.

Huang Menghua emphatically pointed out that only when the democratic parties enjoyed independence and initiative, could they give play to their efficacy in the aspect of discussing and going into political affairs. In view of the fact that the majority of the members of democratic parties are intellectuals whose income is very low, but whose work load very great, Huang Menghua hoped that the government would give support in the aspect of certain materials to the political parties or political organizations which had a fairly good foundation and large scale in order to develop people's democratic politics.

In conclusion, Huang Menghua said that under the spirit of "being loyal and sharing honor and disgrace," let us make concerted efforts to overcome the present difficulties with no distinction between what was our own and what was others.

Gu Mu Meets Hong Kong, Macao Members
HK2103132589 Beijing ZHONGGUO XINWEN
SHE in Chinese 1403 GMT 20 Mar 89

[Report by reporter Chen Liyu (7115 4539 1342): "Gu Mu Appreciates Hong Kong and Macao CPPCC Members' Views on Legalizing Political Consultation and Democratic Supervision"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 20 Mar (ZHONGGUO XINWEN SHE)—Today, Gu Mu, vice chairman of the Chinese People's Political Consultative Conference [CPPCC], expressed his appreciation of the views put forward by many Hong Kong and Macao CPPCC Members on making clear the position and functions of the CPPCC in China's Constitution and legalizing political consultation and democratic supervision.

This morning, Gu Mu attended the panel discussion held by Hong Kong and Macao CPPCC Members.

At the panel discussion, Gu Mu said that Hong Kong and Macao CPPCC members have shown great concern for the drafting of the "Provisional Regulations on Political Consultation and Democratic Supervision" and have been concerned about the legal status of the "Provisional

Regulations on Political Consultation and Democratic Supervision." Many Hong Kong and Macao CPPCC members have also said that political consultation and democratic supervision should not only be institutionalized and regularized, but also legalized. Gu Mu said that all these views expressed by the Hong Kong and Macao CPPCC members are frank views. He fully understands these views. Gu Mu added that the central authorities and the departments concerned are presently working on this issue.

Commenting on the view that the position of the CPPCC should be made clearer in China's Constitution, Gu Mu said that he believes that the central authorities will give special consideration to this question when revising the Constitution or formulating other laws in the future. Because the CPPCC is an organization formed by people of all walks of life and by personages of various democratic parties and the CPPCC has played an important role over the past many years by participating in the state decisionmaking process, the position of the CPPCC is self-evident.

Gu Mu said that Hong Kong and Macao CPPCC members have also expressed their views on the question of democracy in their speeches. He fully supports these views. Gu Mu added that only by developing democracy and letting people speak out freely on all the questions will it be possible to resolve all the questions. Gu Mu said that Mr Xu Simin [Hsu Su-min] had asked them not to be afraid of criticism because some pressure was good. Gu Mu said that he agrees with Mr Xu Simin's view. Criticism and self-criticism are the principles upheld by the central authorities for decades. There is nothing to fear even if criticism goes beyond the actual facts.

Gu Mu also spoke laughingly with Mr Tang Xiangqian [Tang Hsiang-chien] and told him that the criticism he offered will not affect the investment in the hinterland, nor will he be given tight shoes to wear.

Hong Kong and Macao CPPCC Members Di Nuanhui [Ti Nuan-hui], Liu Naiqiang [Liu Nai-chiang], Yu Guoqi [Yu Kuo-chi], Jian Fuyi [Chien Fu-yi], and so on also spoke at today's panel discussion.

In his speech, Jian Fuyi pointed out that as far as the present situation is concerned, the actual position of the CPPCC and the actual importance attached to the CPPCC are incompatible with the legal status of the CPPCC. This can be seen in China's Constitution. Although the historical role played by the CPPCC and the role the CPPCC should play in the future are mentioned in the Preamble of China's Constitution, the position and role of the CPPCC are not mentioned in any specific articles of China's Constitution. Article 2 of the General Principles of China's Constitution states: The organs through which the people exercise state power are the National People's Congress and the local People's Congresses at different levels. The people administer state affairs and manage economic, cultural,

and social affairs through various channels and in various ways in accordance with the law. Mr Jian Fuyi held that this article has actually equated the CPPCC with other economic, cultural, and social organizations in China and has failed to make clear the due position of the CPPCC.

Standing Committee Report Discussed

OW2103152489 Beijing Domestic Service
in Mandarin 1030 GMT 20 Mar 89

[From the "National Hookup" program]

[Text] Today group meetings were held at the Second Session of the Seventh CPPCC National Committee to discuss Vice Chairman Qian Weichang's report on the work of the Standing Committee of the Seventh CPPCC National Committee.

CPPCC members Chen Fangbai and Tian Maojiu said: The report truly sums up the work of the CPPCC National Committee over the past year and gives primary importance to the building of a system, which is very important. The CPC Central Committee has issued a circular calling on party committees at all levels to implement the CPPCC's interim provisions on political consultation and democratic supervision. This is encouraging.

CPPCC members Ji Yubiao, Li Naiji, and Song Hongzhaopointed out: This is the first time that a work report has prescribed the CPPCC's functions of political consultation and democratic supervision in a clause. In the past CPPCC members were compared to a cup of tea and a piece of newspaper. The objective, content, and form of political consultation and democratic supervision have now been explicitly defined, institutionalized, and standardized, thus ensuring that political consultation work is not something one can do at will. This accords with the desire of the CPPCC members and has also set an example for political consultation work in various localities.

CPPCC member Guan Baicheng said: As the CPPCC is actually a contingent of competent people, we should give more play to the role of every member. At present, it seems that there is a lot of political consultation but little supervision. Therefore, it is necessary to enact a corresponding law to provide a legal guarantee for the CPPCC to exercise its functions of political consultation and democratic supervision.

CPPCC member Wu Chunxuan said: The third part of the report touches on the system of multiparty cooperation. Before the opening of this session, the China Democratic League conducted an investigation and study on the question of education and put forward a 10-point suggestion. The CPC Central Committee took

the initiative of giving enthusiastic support to this suggestion. We think this a very good beginning for multiparty cooperation. In participating in government and political affairs, the democratic parties should lay greater emphasis on policy-making.

CPPCC member Sun Yanqing said: All motions submitted by CPPCC members have been drawn up after careful investigation and studies. Many motions yielded good results after being adopted by government departments. This is a good example of a CPC-led system of multiparty cooperation with Chinese characteristics. CPPCC members should not only participate boldly in government and political affairs, but should be good at participating in government and political affairs. In accordance with the principle of treating each other with all sincerity and sharing weal and woe, they should make more constructive suggestions.

CPPCC member Zhu Tianshun said: The CPPCC has done a pretty good job in submitting motions. Seventy-seven point nine percent of the CPPCC members have participated in the work of submitting motions. Although motions cannot play a legal role, motions must be answered. Therefore, motions have often played the role that laws cannot.

CPPCC members Zhang Ying, Lou Yuebing, and Cai Qigong said: The motions submitted by CPPCC members at the First Session of the Seventh CPPCC National Committee have basically been answered. Some of them have been adopted by departments concerned, but some motions have not been answered. Some have been answered, but the relevant departments that answered the motions adopted an ambiguous attitude. We suggest that relevant departments promptly encourage the units that have done a good job in handling motions by commending them and criticize the units that failed to promptly handle motions by resorting to procrastination.

CPPCC members Qin Yizhi and Yan Qinghan pointed out: The central authorities have done a good job in enhancing the role of the democratic parties in the united front, but there are numerous problems regarding this matter in various localities.

Qin Yizhi said: For example, when a worker of a factory in Beijing joined the Revolutionary Committee of the Chinese Kuomintang [KMT], the secretary of the factory blamed him for becoming a member of the KMT and decided to purify his organization by firing the worker. This shows that the concept of the united front has not been fully understood at grass-roots units.

CPPCC member Wang Feng said: The Senate of the U.S. Congress has adopted the so-called resolution on the Tibet question. This is crude interference in the internal affairs of our country. The CPPCC should issue a stern

statement regarding this question, because in participating in government and political affairs, the CPPCC should make suggestions on internal affairs as well as on major international affairs.

Reducing Government Errors Discussed

OW2103153789 Beijing XINHUA in English
1455 GMT 21 Mar 89

["CPPCC Members on Ways for Government To Make Fewer Mistakes"—XINHUA headline]

[Text] Beijing, March 21 (XINHUA)—Making decisions as democratically and scientifically as possible is the key to minimizing mistakes in government work.

This is a view expressed by many members of the 7th National Committee of the Chinese People's Political Consultative Conference (CPPCC) in their discussion of Premier Li Peng's report on the government work here today.

Zhang Wei, vice-chairman of China Association for Science and Technology, expressed appreciation of the fact that Premier Li Peng acknowledged mistakes in his report on behalf of the government, something not seen in past similar reports.

In his report, the premier calls on the nation to be mentally prepared for "hard times", regarding it as one of the measures with which to overcome difficulties. "This is well said," Zhang said. "Hard times is not something to be afraid of. The important thing is for the whole nation to make common efforts with leaders playing an exemplary role."

Shen Erkang, a senior engineer from the Ministry of Aerospace Industry, suggested that specific balancing figures concerning finance, credit, materials supply and foreign exchange be included in the government work report for supervision by deputies to the National People's Congress (NPC) and CPPCC members. Foreign debt should also be made known, and the State Council should set a ceiling for borrowing on international money market, which, once passed by the NPC, should not be exceeded, he said.

Chen Siwei, a senior engineer from the Ministry of Chemical Industry, maintains that mistakes in China's economic work were caused chiefly by "haste and hasty decisionmaking."

In order to make decisions as democratically and scientifically as possible, he suggests:

- follow the procedure of first making feasibility studies and then making decisions;
- use the results of decisions as a critical criterion for examining the competence of officials;
- attach more importance to soft sciences and allocate one per thousand of the total fund for scientific research for their development;

—more participation by CPPCC members in feasibility studies for major construction projects and national issues.

Members Praise CPPCC Role

OW2203010889 Beijing XINHUA in English
1400 GMT 21 Mar 89

[Text] Beijing, March 21 (XINHUA)—Active participation in political consultation and democratic supervision over government work by the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC) has won appreciation from its members now attending its second session in Beijing.

The members expressed their appreciation in speeches they made during group discussions after hearing earlier a report on the work of the Standing Committee of the current CPPCC National Committee.

Scientist Lin Tongji said he is happy about CPPCC's efforts last year to strengthen its consultative role in state affairs and democratic supervision over government work.

CPPCC, China's highest political consultative body, has more than 2,000 members who come from all political parties and people's organizations or are non-party personages.

Xu Guangyi, a retired high-ranking army officer, said practice has proved that CPPCC can help the Government make fewer mistakes through consultation. He cited as an example the recent decision to stop construction of a cable at the Badaling section of the Great Wall near Beijing. It was a correct decision made by the Beijing Municipal Government after it took into consideration views of experts, many of whom are members of CPPCC National Committee, he said.

Kan Fook Yee, a member from Hong Kong, said the Provisional Regulations for Political Consultation and Democratic Supervision set by the National Committee of CPPCC recently is an important step forward in the establishment of a democratic system in China.

He said CPPCC's consultative role should be protected by law and suggested that amendments to the Constitution be made concerning CPPCC's status and responsibility.

Gu Mu, vice chairman of CPPCC National Committee, expressed agreement with Kan. "Whether or not political consultation has the protection of law is very important," he said. "This should be taken into consideration in future amendments to the Constitution and enactment of laws."

The group discussions were not all nice talk, however. Some members expressed dissatisfaction over the way their proposals were handled by government departments and relevant organizations.

Deng Xiancheng, a member of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang (RCCK), said that, although most proposals had responses from relevant quarters, only 28 percent of them were adopted in real earnest. "Many replies are too vague. There are too many stereotyped responses of 'under consideration'," he said.

Tu Yanjian, general manager of a technology corporation, said heads of government departments that are involved in proposals should meet those who put forward the proposals so as to work out solutions together.

Wang Feng, a member of the Central Standing Committee of RCCK, said CPPCC's consultative activities should also involve foreign affairs. He said he supports CPPCC National Committee's recent statement condemning foreign interference in China's internal affairs on the Tibet issue.

Yan Mingfu Views Non-Communist Party Leaders
OW1903181089 Beijing XINHUA in English
1613 GMT 19 Mar 89

["Assumption of High State Posts by Non-Party Personages Under Consideration"—XINHUA headline]

[Text] Beijing, March 9 (XINHUA)—Assumption of high state and government posts by members of China's democratic parties and non-party personages is being considered among democratic parties and different social circles, Yan Mingfu, head of the United Front Work Department of the Communist Party of China (CPC), said here today.

Asked whether there are candidates for vice-premiers among them, Yan said there might be someone who may assume a post higher than vice-premiership.

But this will not become a reality during the current session of the 7th National People's Congress, he said, because it involves many aspects including laws on government organization.

"This work needs time, so we won't be able to discuss the matter during the current NPC session," he said.

Talking about mainland's work toward Taiwan, Yan said it involves two aspects. One is to do a good job in receiving Taiwan compatriots who come to visit the mainland; the other is to actively increase trade between the mainland and Taiwan.

Yan, who also is a member of the Secretariat of the CPC Central Committee, made the remarks in an interview with reporters from Hong Kong, Macao and Taiwan after a dinner hosted by his department and the National Committee of the Chinese People's Political Consultative Conference (CPPCC) for delegates from Hong Kong and Macao who have come to attend the NPC and CPPCC sessions.

Non-CPC Appointees Possible

OW2103084889 Beijing XINHUA Domestic Service
in Chinese 1201 GMT 20 Mar 89

["Local Broadcast News Service"]

[Text] Beijing, 20 Mar (XINHUA)—Today answering questions raised by reporters from Hong Kong, Macao, and Taiwan, Yan Mingfu, member of the Secretariat of the CPC Central Committee and director of the United Front Work Department, said: The matter of appointing democratic party and nonpartisan personages to high-ranking state-level positions is being widely deliberated among personages of various democratic parties and from various circles.

Some reporters asked whether there will be vice premier-level appointments. Yan Mingfu said: It is possible that some people might be appointed to positions even higher than a vice premiership. But he also said that since the question touches on the organization law and involves many other issues, more time will be needed and that there is not enough time to discuss this during the current NPC session.

More Non-Communists Assigned to State Council
HK2003015989 Hong Kong HONGKONG STANDARD
in English 20 Mar 89 p 6

[By Tammy Tam]

[Text] Two more members of non-communist parties have been appointed to the State Council—China's cabinet.

The appointments, announced in advance of today's opening of the second session of the seventh National People's Congress (NPC), are expected to be the first of several involving members of China's eight tolerated non-communist parties.

Mr Li Peiyao, vice-chairman of the Revolutionary Committee of the Kuomintang on the mainland, was appointed a vice-minister in the Labour Ministry.

Mr Hong Bazeng, a Central Committee member of the Jiu San Society, was named a vice-minister of agriculture.

Mr Li told reporters China's multi-party system was helped by the changes.

The Communist Party has been making an effort to include more non-communists in the administration.

Mr Feng Tiyun, vice-chairman of the China Democratic Construction Association, was named a vice-minister in the Supervision Ministry last year, the first non-communist assigned to ministerial rank in three decades.

Mr Jing Shuping, deputy secretary-general of the Chinese People's Political Consultative Conference, the country's highest advisory body, said democratic party members could be named to the administration in two ways.

Members could either be nominated by their parties, or be selected by the communists through consultation, he said.

Official Comments on More Democrats in Government
OW1803132889 Beijing XINHUA in English
1303 GMT 18 Mar 89

[Text] Beijing, March 18 (XINHUA)—More Chinese democrats and non-party people will be recommended to take government posts at various levels in line with the principle of multi-party cooperation, a senior adviser to the Chinese Government said here today.

Responding to Chinese and foreign reporters at a press conference this afternoon, Zhao Weizhi of the country's highest advisory body briefed the press on how democrats and non-party people were recommended to various government posts.

Recommendation is now going on among the Chinese Communist Party and democratic parties, said Zhao Weizhi who is deputy secretary-general of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) and a leading official of CPPCC news group.

Democrats and non-party people have taken government posts at and above the county levels since early 1950s, he added at the first press conference organized by the coming CPPCC session which is slated to open tomorrow.

According to Jing Shuping, another official of the CPPCC news group, candidates to the central government posts will be jointly decided by the Communist Party Central Committee and central committees of the democratic parties. Local government candidates will be decided by the local government leading organs and local committees of democratic parties.

Jing said, two democrats have been appointed vice-ministers of agriculture and labor in addition to one who was appointed vice-minister of supervision last year.

Fang Lizhi Poster Criticizes Reform Pace
OW2203024189 Tokyo KYODO in English
0208 GMT 22 Mar 89

[Text] Beijing, March 22 KYODO—Chinese dissident Fang Lizhi has posted a bulletin at Beijing University condemning the government for failing to institute economic and political reforms.

A similar poster criticizing the pace of reforms touched off nationwide student unrest in the fall of 1986. Party members ousted Fang from their ranks soon after.

Fang posted the critique late Monday following the opening of the National People's Congress earlier in the day.

The poster, which has attracted large crowds of university students, said democracy was "something won, not given," and compared the four principles of the present government to the policies of China's former ruler Mao Zedong.

Fang said 40 years of party rule had disappointed the people, and he called on the public to abandon its blind hopes in the government. "I now feel that criticism and scrutiny of the authorities is the most effective way to move society forward," the poster said.

He also criticized ruling party claims that an autocracy could better implement economic reforms than a democratic system.

He claimed that inflation in 1988 showed that price reforms were insufficient without changes in the system of property ownership. Socialist ideas of public ownership and democratic concepts of private property can not be meshed, he said.

Fang made six demands, including the implementation of a free market system and guarantees of human and academic rights.

Chinese Premier Li Peng, in a speech to the 3,000-member nationwide congress Monday, indicated that austerity would be the rule for "a few years" as Beijing attempted to keep the economy under control.

GUANGMING RIBAO Analyzes CPC Propaganda
OW2203030289 Beijing GUANGMING RIBAO
in Chinese 10 Mar 89 P 3

[Article by Guo Jinping (6753 2516 1627): "Do Propaganda Scientifically and the Science of Propaganda—Comments on 'An Introduction to the Science of Propaganda for the CPC'"]

[Text] In doing propaganda work, the only way out of the chasm of perplexity is to do it in a scientific manner. After reading "An Introduction to the Science of Propaganda for the CPC," compiled and edited by Shen Yizhi and Xue Houliang, I think I have found the cause of the "weightlessness" of our propaganda work and the way out of it. I would also like to introduce this book to the readers, a book that is a comprehensive study of the historical experiences and full of original ideas and pioneering spirit.

After 10 years of implementation of the reform and openness policy since the 3d Plenary Session of the 11th CPC Central Committee, China is now fighting the battle of transition from the old to the new system. Many new things, issues, concepts, and contradictions are constantly emerging. This makes it mandatory for the party's propaganda work to "have a new vision, develop new concepts, and enter a new state." We now need,

more than ever before, the kind of spiritual encouragement which can pool the wisdom and strength of the whole party and nation. However, our propaganda work still remains in the primitive state of the war years, in which it is done by relying only on experience, common knowledge, and simple feeling, and by acting in a commanding way. Some people have even continued to resort to certain ways practiced during the "chaotic decade." As a consequence, it is hard to see results of our propaganda work, which sometimes even yields a negative result. The new order of the socialist commodity economy, which we are now establishing, calls for an open, democratic, standardized, and legalized political and ideological superstructure compatible to the new order. The social and cultural atmosphere of original ideas, exploratory spirit, and ideological collisions inherent in the new order will inevitably exclude the kind of managerial style which is closed to the outside world, rigid and ineffective. The desire for "participation in the Government" inspired by this new order will be incompatible with the style of work characterized by the perfunctory manner of skirting difficulties, hot spots, and uncertain topics.

To do propaganda work in a scientific manner is the only way to get rid of the old, turn over a new leaf, and attain perfection of the work itself. Only when the party's propaganda work is carried out by adhering to the ideological line of seeking truth from facts, in other words, by acting in accordance with the law governing the science of propaganda, will it be possible for our propaganda work to be free from subjective and wilful interference by the administration, breaking out of the shackles of conservative and rigid thinking, and gradually developing into a new standard and pattern to keep abreast of the general trend of an open, democratic, and legalized social and political life.

After the founding of new China, ideological interference and sabotage from the "leftist" guiding thought rendered the building of propaganda theory very poor. We have had few major theoretical accomplishments and the science of propaganda has remained a "blank" space for us. Fortunately, the "Introduction" has filled this theoretical blank. It pioneers the advocacy in the history of party-building that propaganda work be done in a systematic and scientific manner. With a theoretical system of the science of propaganda beginning to take shape, the book has ended the history of "no science in propaganda." With its new concept of "doing propaganda work in a scientific manner," the "Introduction," which comes in the form of 2 volumes with 25 articles under 8 chapters, systematically sums up the rich practice and experience our party has accumulated in propaganda work, comprehensively applies the basic theories of Marxism and the new achievements and methods of modern science, boldly blazes new trails in terms of the overall structure of the system of propaganda science, and opens a wide vision for its readers, making them aware that the science of propaganda still needs to be developed.

The "Introduction" explains to us: the science of propaganda for the CPC is a study of the entire process of the party's propaganda work as its specific target, a process comprising the interactions of the propaganda subject, propaganda object, propaganda chains, and propaganda effects. Its concept system covers the five aspects of propaganda system: principle, process, type, and means. The party's propaganda work is manifested in five basic laws establishing essential contacts between the propagandists, the propaganda content, and the people. Proceeding from the nucleus of such a clear and distinct theory, the book systematically expounds the theoretical basis and fundamental characteristics of the party's propaganda work, its guiding principles, purpose, and tasks, its scope, its type and function, its implementation process and operations mechanism, the building of the contingent of propagandists, and the organization and management of propaganda work.

In the "Introduction," the need to "make the propaganda content consistent with the orientation of the people's understanding" and "make the propaganda style consistent with the people's ability to accept it" is raised to a level of a fundamental rule of the science of propaganda. In my view, this has hit the nail on the head in terms of the improvements to be made in the original propaganda pattern. It will be the convincing truth and not the power in the hands of the ruling party which can restore the authority of the party's propaganda work. The masses of the people yearn for, and seek the truth. They refuse to believe in the kind of propaganda full of boastful assertions, stock phrases, and empty talk. They hope our propaganda work will be more open, promote an exchange of opinion with the people by telling them the truth, and find the true essence of things through a collision of ideas. In order for the party's propaganda work to be consistent with the orientation of the people's understanding, it is necessary for the propaganda subject not simply to stick by the books or the instructions of higher-ups, be bold in dealing with hot spots, difficulties, and uncertain topics, step up leading research to correctly predict the trends of thought of the people and the tendency of public opinion in society, do propaganda work on, and thoroughly explain, the important principles and policies of the party and state before they are announced for implementation. It is also necessary to get feedback on what the people think and worry about to the policymaking organs at all times, and constantly readjust the direction of propaganda and the style of work. For many years now, the style and method of our propaganda work have been such that they seldom take into consideration the target's level of knowledge and psychological capacity to accept the propaganda. The stereotyped practice of instilling, preaching, and resorting to the method "you believe in what I preach and understand what I instill in you" has aggravated the resentment among the people. Analyzing propaganda work from the point of view of the interaction between the subject and the object, the "Introduction" therefore advocates a flexible and diversified propaganda fashion changing according to the people and localities involved,

in order to keep the propaganda fashion in accord with the capacity of the people to accept the propaganda. This, needless to say, is the inevitable road for us to take in order to do away with the blindness of our propaganda work and gain the best propaganda results.

Zhao Ziyang Comments on Investment in Hong Kong
OW1803143889 Beijing Domestic Service
in Mandarin 1030 GMT 18 Mar 89

[From "National Hookup" program]

[Text] Zhao Ziyang, general secretary of the CPC Central Committee, met in Zhongnanhai this afternoon with a delegation from the Association for the Study of Hong Kong's Future and had candid and friendly conversations with the visitors who were headed by (Zhou Zhizhuang), professor at Princeton University.

Commenting on Mainland China's investment in Hong Kong, Zhao Ziyang said: Mainland China's investment in Hong Kong primarily plays the role of a showcase through which technology and equipment can be brought into China and indirect trade can be conducted. The investment projects are carried out in such a way that they can facilitate both China's four modernizations and Hong Kong's stability and prosperity. They are absolutely not meant for making money nor for holding a certain percentage of investment in Hong Kong.

Zhao Ziyang said: Mainland China's corporations in Hong Kong are currently being reorganized. There will be certain retrenchments.

On whether Taiwan and Mainland China can be brought together under a federal system, Zhao Ziyang said: Our one country, two systems concept is better than a federal system. Under this concept, Taiwan will enjoy greater autonomy.

Zhao Ziyang also listened to the visitors' proposals concerning China's economy and education.

Li Peng, Hu Qili on Letters, Visits From Masses
OW2003064489 Beijing XINHUA Domestic Service
in Chinese 1541 GMT 15 Mar 89

["Local Broadcast News Service"]

[Text] Beijing, 15 Mar (XINHUA)—At today's closing of a meeting on the work of handling letters and visits from the masses, the opinions of Li Peng and Hu Qili were relayed.

Li Peng pointed out: The work handling letters and visits from the masses is very important. It is one of the major channels through which the party Central Committee and the State Council communicate with the public. With a multitude of letters and visits to deal with, it is a very difficult job and often takes a great deal of time and work to investigate and handle everything properly. I

hope that, after summing up their past experience, those handling letters and visits from the masses will do even better work and contribute to the long-term security of the country.

Hu Qili said: Listening to the masses' opinions and accepting their supervision is an important step toward improving leaders' work style and waging an effective anticorruption battle. For this reason, we must step up our leadership in the work and gradually incorporate it into our legal system.

The meeting, cosponsored by the general office of the CPC Central Committee and the Letters and Visits Bureau of the State Council General Department, opened in Beijing on 13 March.

Li Peng Praises Jilin Middle School Program
SK2003041789 Changchun Jilin Provincial Service
in Mandarin 2200 GMT 19 Mar 89

[Text] On 14 February, Premier Li Peng met with representatives from 32 provinces, municipalities, autonomous regions, and cities with independent economic decisionmaking authority who were attending an educational work conference and heard their reports on specific measures for opening up resources of education funds. When the work-study program was discussed, Premier Li Peng asked: Hasn't the (Sanzi) Middle School in Changchun City done a very good job in the work-study program? What was the situation last year?

(Li Yuping), director of the Changchun City Education Commission, who was present at the meeting answered that the Changchun City (Wenjiao) boiler plant, a plant run by the (Sanzi) Middle School, earned 2.675 million yuan of profit last year. He also gave a detailed report on the plant's work-study program, which was affirmed and commended by Premier Li Peng.

Tian Jiyun Returns From 5-Nation Tour
OW2003131989 Beijing XINHUA in English
0831 GMT 20 Mar 89

[Text] Beijing, March 20 (XINHUA)—Chinese Vice-Premier Tian Jiyun returned here today after visiting Iran, Turkey, Iraq, Kuwait and United Arab Emirates.

Luo Gan, secretary-general of the State Council, Vice-Foreign Minister Qi Huaiyuan and diplomatic envoys from the embassies of the five countries greeted the vice-premier at the airport.

Qiao Shi Inspects Shaanxi, Discusses Reforms
HK2103071589 Xian SHAANXI RIBAO in Chinese
10 Mar 89 p 1

[Report by reporter Han Fubin (7281 1381 2430): "While Inspecting Work in Shaanxi, Qiao Shi Stresses That it Is Necessary To Have Sufficient Mental Preparations for the Long-Term Nature of Reform and Construction"]

[Text] While inspecting work in our province, Qiao Shi, member of the Standing Committee of the Political Bureau of the CPC Central Committee, stressed that it is

essential to have sufficient mental preparation for the long-term nature of reform and socialist construction. He called on party member cadres to continuously carry forward the style of self-reliance and hard struggle, do a good job of improvement and rectification, and carry out their work well.

He made this remark after hearing the report made by provincial party committee Secretary Zhang Boxing. He said: Since the 3d Plenary Session of the 13th CPC Central Committee, the nation's situation has generally been fine. It can be said that the work of improving the economic environment and rectifying the economic order has yielded initial results. The phenomenon of an overheated economy is caused by numerous factors, one of them being the failure to exercise effective macrocontrol. We must draw lessons in this respect. Moreover, there is also an ideological problem. We want to build our country fairly quickly but the actual conditions are that it is a large country with a huge population and a poor foundation to start with. Instead of being rich, on a per capita basis we are relatively short of resources and are even poor. Given such conditions, it is impossible to carry out our construction very quickly or expect to change the outlook in a very short time. In the period of democratic revolution, we often talked about the long-term nature, arduousness, and complexity of the Chinese revolution and the uneven development. After engaging in socialist construction we no longer talk about them, though they are in fact more arduous. In the whole initial stage of socialism, we should have an ample understanding of the arduousness and complexity of the construction cause. It is much better to be mentally prepared. To turn this idea into action, in our principle of construction we should persist in self-reliance and hard struggle instead of advocating high consumption. As long as we persist in doing so, we shall be able to blaze a path conforming to China's reality in reform and opening up. We have full confidence in this.

During the inspection, Comrade Qiao Shi held an informal discussion with the responsible persons of the political and legal departments in the province and in Xian City. Comrade Qiao Shi pointed out: We should persist in cracking down on criminal activities and economic crimes and not relax our efforts. Given the situation of reform and opening up, we should explore through practice, some measures and methods for improving public order so that they can be gradually institutionalized and codified. Regarding comprehensive efforts to improve public order, Comrade Qiao Shi emphatically pointed out that it is necessary to carry them out little by little and place by place and, first of all, conscientiously improve public order at the grass-roots level. Comrade Qiao Shi also talked about the question of strictly administering the police and making further efforts to raise the quality of public security personnel. He pointed out: Public security personnel shoulder a heavy responsibility in safeguarding public order. It is necessary to sum up and spread their experience, to commend what is

good, especially to reward the excellent ones, and to strictly deal with a small number of those who seriously violate law and discipline. It is necessary to strengthen training work.

Talking about party-building, Comrade Qiao Shi stressed: The crucial problem is that party committees at all level must attach sufficient importance ideologically and make conscientious efforts to grasp it from the central, down to the grass-roots levels in the locality. As long as we conscientiously grasp this issue, we can find out ways and attain results. We must genuinely administer the party by strengthening party-building. Doing a good job of party-building is not only crucial to upholding the four cardinal principles, but also enables the party to stand the test of continuously staying in power and conducting reform and opening up.

Comrade Qiao Shi inspected our province from 3 to 8 March. During the inspection, accompanied by provincial party committee Secretary Zhang Boxing, Governor Hou Zongbin, and other leading comrades, Qiao Shi inspected various enterprises and institutions, including Xidian Corporation, Xian Special Arts and Crafts Plant, the Northwest University, Xian Film Studio, Shaanxi Radio and Television Equipment Plant, and Xianyang Color Kinescope Plant. Qiao Shi also met with the representatives of the provincial discipline inspection work conference and had a group photograph taken with them.

Wan Li on Improving Economic Environment
OW2003062589 Beijing XINHUA Domestic Service
in Chinese 1258 GMT 19 Mar 89

["Local Broadcast News Service"]

[Text] Beijing, 19 Mar (XINHUA)—Wan Li, chairman of the NPC Standing Committee, said at this morning's preparatory meeting for the Second Session of the Seventh NPC: It is hoped that at the coming session the deputies will fully demonstrate the democratic spirits and speak out freely about current problems as well as the progress made in reform and construction work. They should analyze the current situation and sum up experiences by seeking truth from facts and come up with good ideas and measures for making a success of the campaign to improve the economic environment, rectify the economic order, and deepen the reforms.

He said: This session is being convened at a critical moment when all people in the country from the top down are engaged in improving the economic environment, rectifying the economic order, and deepening the reforms in an all-around way. All deputies as well as the vast number of cadres and the masses are generally concerned about the progress made in improving the economic environment and rectifying the economic order. They are also deeply concerned about the convocation of this session. To make this session a success is the common aspiration and responsibility of all deputies.

Wan Li said: Our country's reform has made universally acknowledged achievements, but there are still a lot of problems and difficulties ahead of us. Since we began to implement the principle of improving the economic environment and rectifying the economic order, we have achieved initial results. However, to fulfill the arduous tasks of improving the economic environment, rectifying the economic order, and deepening the reforms, we must have a stable environment. Without a stable environment, we can accomplish nothing and may even lose the fruitful results that we have already achieved through the reforms. As long as the people throughout the country unite as one and work with one mind, we will surely be able to overcome difficulties and continue to push our cause of reform and construction ahead.

Beijing's Li Ximing At NPC Deputies Meeting
SK1803133989 Beijing BEIJING RIBAO in Chinese
16 Feb 89 p 2

[Text] In order to understand Beijing Municipality's situation in improving the economic environment, rectifying economic order, and comprehensively deepening reforms, 145 National People's Congress [NPC] deputies from the central authorities, PLA units, and the municipality conducted their 10-day inspection activities beginning 15 February.

They conducted the activities with a view to preparing well for the convocation of the Second Session of the Seventh NPC. According to the deputies' requirements, the inspection activities were launched in the method of linking centralization with decentralization. Groups were organized to make a unified inspection of the situation of seven spheres, including political and legal departments and the industrial front. Meanwhile, deputies are permitted to make decentralized inspections either individually or jointly.

The municipal party committee, the Standing Committee of the municipal People's Congress, and the municipal government noted the inspection activities. On behalf of the municipal government, Zhang Jianmin, vice mayor in charge of the routine work, conscientiously reported the municipality's work situation in 1988 and the existing problems and told about the municipality's arrangements for work in 1989 at a report meeting which was held on the morning of 15 February.

Li Ximing, Chen Xitong, Zhao Pengfei, Yuan Liben, and Ma Yaoji attended the report meeting. In his speech, Mayor Chen Xitong welcomed the NPC deputies to make inspections in Beijing and asked them to set forth opinions on Beijing's work so as to better promote the rapid progress of the work in all fields.

Wang Zhen Named President of Handicapped Group
OW2103050589 Beijing Domestic Service
in Mandarin 1030 GMT 16 Mar 89

[From the "National Hookup" program]

[Text] Comrade Wang Zhen, vice president of the PRC, has happily accepted the position of honorary president of the China Federation of Handicapped People. The

State Council recently decided to put State Councilor Chen Junshen in charge of work concerning the handicapped, according to the Second Session of the First Presidium of the China Federation of Handicapped People, which closed today.

The session also adopted a proposal urging the party Central Committee, the NPC, and the State Council to speed up eugenics legislation and prevent congenital deformities. The proposal notes: Some 10 million among the 5 types of 50 million handicapped people in China are born handicapped. Among the 10.7 million mentally incompetent, more than half are born that way. Over 50 percent of the 8 million handicapped children under 14 are born handicapped. According to figures released by public health departments, some 880,000 deformed babies have been born every year for the past few years. Most of these unlucky babies are born in poverty-stricken or epidemic-plagued areas. Deformities bring suffering to the handicapped themselves, misfortune to their families, and a heavy burden to society and the state.

The China Federation of Handicapped People urges the government and society at large to further prevent deformities, especially congenital deformities, and reduce the births of handicapped children.

Li Xiannian, Others Pay Last Respects to Comrade
OW1903094489 Beijing Domestic Service
in Mandarin 2230 GMT 16 Mar 89

[Text] According to a XINHUA report, the ceremony to bid farewell to comrade Huan Xiang, an outstanding CPC member, a well-known expert on international studies, a noted diplomat and an activist in society, was held at the Beijing Hospital yesterday.

Comrade Huan Xiang died of illness in Shanghai on 28 February at the age of 80. Zhao Ziyang, Deng Xiaoping, Yang Shangkun, Li Peng, Chen Yun, Wan Li, Peng Zhen, Deng Yingchao, Xu Xiangqian, Nie Rongzhen and the relevant departments such as the National People's Congress, the State Council, the International Liaison Department under the CPC Central Committee and the Foreign Ministry presented wreaths.

Li Xiannian, Qiao Shi, Hu Qili, Yao Yilin, Wang Zhen, Li Tieying, Wu Xueqian, Qin Jiwei, Ding Guangen and other leading comrades joined nearly 1,000 people from various walks of life in paying last respects to the remains of Comrade Huan Xiang. Also attending the ceremony to were envoys from the Soviet Union, the United States, Morocco, Australia, the German Democratic Republic, Switzerland, Pakistan, New Zealand, Poland, Sweden, Britain, Yugoslavia, Japan, France, Egypt and other countries.

Comrade Huan Xiang had engaged in the study of world economy and international political affairs over a protracted period and with great attainments. After the 3d Plenary Session of the 11th CPC Central Committee, he

had entered a new stage in doing his research and academic work, offering important contributions to the implementation of the reform and open policy. His remarkable academic achievements made him one of China's noted experts on international affairs for which he enjoyed great prestige abroad.

Attend Funeral Ceremony

OW2203045089 Beijing Television Service
in Mandarin 1100 GMT 16 Mar 89

[Video report on Huan Xiang's Funeral Service]

[Text] [Video opens with a portrait of Huan Xiang, decorated with black ribbon on the wall atop greenery, then moves down to Huan's casket, covered by a national flag] A ceremony to bid farewell to Comrade Huan Xiang was held in Beijing this afternoon. Comrade Huan Xiang, our excellent party member, noted expert on international studies, famous diplomat and activist in social affairs, member of the NPC Foreign Affairs Committee, director of the Center of International Studies, and former vice president of the Chinese Academy of Social Sciences, died in Shanghai on 28 February 1989, at the age of 80, after being ill.

Wreaths were sent from party and government leaders Zhao Ziyang, Deng Xiaoping, Yang Shangkun, Li Peng, Wan Li, Li Xiannian, Chen Yun, and others. [video shows close-up shots of wreaths, with names of the senders]

Li Xiannian, Qiao Shi, Hu Qili, Yao Yilin, and Wang Zhen went to the Beijing Hospital to bid farewell to Comrade Huan Xiang. [close-up shots showing Li, Qiao, Hu, Yao, and Wang comforting the bereaved family]

Ambassadors and diplomatic officials from 15 foreign countries, including those of the USSR and Britain, also attended the farewell ceremony. [close-up shots showing foreigners saluting]

Leaders Bid Farewell to Deceased PLA Leader

OW1803035889 Beijing Television Service
in Mandarin 1100 GMT 15 Mar 89

[Announcer-read video report by Hua Yue (5478 6390), captioned: "Farewell Ceremony for the Late Zhu Liangcai"; from the "National News Hookup" program]

[Text] [Video opens with a portrait of Zhu framed with black ribbon on the wall over green plants, then moves down to Zhu's remains dressed in military uniform and laid in state, covered by a national flag] A ceremony to bid farewell to the remains of Comrade Zhu Liangcai, a long-tested dedicated Communist fighter, proletarian revolutionary, outstanding political work leader and commander of the Army who was the former political commissar of the Beijing Military Region, was held at the Babaoshan Cemetery of Revolutionaries in Beijing today.

Wreaths were sent from Zhao Ziyang, Deng Xiaoping, Yang Shangkun, Li Peng, Chen Yun, Wan Li, Li Xiannian, Peng Zhen, Deng Yingchao, Xu Xiangqian, Nie Rongzhen, and other leaders, as well as from the CPC Central Committee, the Central Advisory Commission, the Central Discipline Inspection Commission, the NPC Standing Committee, the State Council, the Central Military Commission, the CPPCC National Committee, the Defense Ministry, and the three general departments of the PLA. [video shows close-up shots of wreaths, with names of the senders]

Party and government leaders Yang Shangkun, Li Xiannian, Qiao Shi, Yao Yilin, and Wang Zhen attended the ceremony. [close-up shots showing Yang comforting the bereaved family, and Li, Qiao, Yao, and Wang bowing in front of Zhu's remains]

Comrade Zhu Liangcai had loyally served the party and performed meritorious services for the cause of the Chinese people's liberation and the PLA's construction throughout his revolutionary career spanning, which spanned several decades. In 1955, he was conferred the military rank of general, as well as the first-class 1 August medal, the first-class independence and freedom medal, and the first-class liberation medal. In 1988, he was conferred the first-class red star meritorious medal of honor. With the noble character and revolutionary sentiment of a communist, Comrade Zhu Liangcai voluntarily requested to retire from the leading post in 1958. This was in order to give way to younger comrades, who are in the prime of their life, and he was commended by leading comrades of the party Central Committee and the Military

Leaders Pay Respects to Deceased General

OW2003134389 Beijing Domestic Service
in Mandarin 1030 GMT 17 Mar 89

[From the "National Hookup" program]

[Excerpts] A ceremony to pay last respects to Dong Qiwu, a great patriot, a faithful fighter of the CPC, a high-ranking general of the Chinese PLA, an outstanding military strategist, and vice chairman of the Sixth CPPCC National Committee, was held in Beijing this afternoon.

Comrade Dong Qiwu died of illness in Beijing on 3 March. He was 90.

Today, party and state leaders, including Zhao Ziyang, Yang Shangkun, Wan Li, Qiao Shi, Hu Qili, Yao Yilin, and Wang Zhen, deeply grieved, paid last respects to Comrade Dong Qiwu. They also sent wreaths to the memorial service.

Placed around the hall were wreaths sent by leading comrades Deng Xiaoping, Li Peng, Chen Yun, Li Xiannian, Peng Zhen, Deng Yingchao, Xu Xiangqian, and Nie Rongzhen. [passage omitted]

Others who paid their last respects and sent wreaths to the memorial service were other leading comrades of the Political Bureau and the Secretariat of the CPC Central Committee, the Central Advisory Commission, the NPC, the State Council, the CPPCC National Committee, and the Central Military Commission, as well as friends of Comrade Dong Qiwu, totaling more than 800 people. Commission.

Science & Technology

Technical Progress Key to Jiangsu Advances
OW2203075789 Beijing XINHUA in English
0722 GMT 22 Mar 89

[Text] Beijing, March 22 (XINHUA)—Further economic development in Jiangsu Province depends on technological progress, say deputies of the province to the current session of the Seventh National People's Congress (NPC) Jiangsu had been leading other provinces in total industrial and agricultural output value for six years running and that grain output per capita in the province has exceeded 500 kg for five consecutive years, said Wu Xijun, vice-governor of the east China province. However, he said, this has been achieved by huge input.

"The rate of input growth has outstripped that of output growth over the past decade, pointing to an unsatisfactory economic efficiency," the vice governor said.

Growth in agricultural production has leveled off since a record harvest in 1984, Wu said.

That is why, he said, the Jiangsu Provincial Government has drawn up a plan to propel the province's economy by mainly relying on progress in science and technology.

Dai Shunzhi, mayor of the provincial capital of Nanjing, proposed that energy-efficient and material-saving technologies be popularized and agrosience spread to hilly areas in southern Jiangsu.

Qu Qinyue, a deputy from a Nanjing University, said institutions of higher learning in the province should make education and research better suited to the achievement of technological progress.

National Defense Science, Technology Book Hailed
OW2203042989 Beijing GUANGMING RIBAO
in Chinese 16 Mar 89 p 1

[Dispatch by Yu Qingtian]

[Text] Veteran leaders and specialists and some scientists and technicians from the national defense science, technology, and industry front gathered at the Great Hall of the People on 14 March to celebrate the publication of a large pictorial book entitled: "China's National Defense Science and Technology." Zhang Aiping, member of the Standing Committee of the Central Advisory Commission, and Liu Huaqing, deputy secretary general

of the Central Military Commission, were present on the occasion and held talks with some experts in national defense science and technology.

The pictorial "China's National Defense Science and Technology" was edited and published by the Commission on Science, Technology, and Industry for National Defense. Yang Shangkun, Li Peng, and Nie Rongzhen wrote inscriptions for this book. Zhang Aiping contributed a preface to the book and wrote the book title.

This is a large pictorial on China's history and achievements in developing its national defense science, technology, and industry over the past 40 years. It consists of nine parts, including strategic nuclear arms, astronautics, aeronautics, conventional weapons, and scientific research. The book contains 390 pictures. Both the pictures and the accompanying essays, in both Chinese and English, are excellent. They give an accurate description of the present state and the history of China's national defense science, technology, and industry and present vividly and directly to the readers the work of the development and production of various weapons and equipment. In addition, the book includes brief biographies of some 40 celebrated experts in national defense science and technology, including Qian Xuesen and Deng Jiaxian, along with pictures showing them at work. Among other things, the biographies include the experts' deeds in working selflessly for decades while dedicating themselves to the cause of national defense science and technology.

Ding Henggao, minister in charge of the Commission on Science, Technology, and Industry for National Defense, and Xing Yongning, political commissar of the commission, presented the pictorial, either directly or through someone, to veteran leaders and specialists who have made contributions to the cause of national defense science and technology, including Zhang Aiping, Qian Xuesen, Ren Xinmin, Wang Ganchang, Zhu Guangya, Gu Songfen, and Huang Xuhua.

Agricultural Science Projects To End in 1990
OW1803041289 Beijing Domestic Service
in Mandarin 0800 GMT 9 Mar 89

[Text] According to XINHUA, marked progress has been achieved in tackling the key agricultural science and technology projects designated by the state for the Seventh 5-year plan, and all the 29 projects will be completed by 1990. These projects involve mainly study on resources of crop seeds, technique for selecting crop seeds, technique for preventing and controlling crop diseases, comprehensive technique for improving the low and medium yield region in the Huanghuaihai Plain, and development of livestock and aquatic products.

According to a briefing by the State Planning Commission's Science and Technology Section, concerning the study on resources of crop seeds, a state-run long-term seed resource granary with a storage capacity of 400,000

(seeds) has been built. So far, this is China's largest agricultural seed granary, and will lay the foundation for a large-scale in-depth study of seed resources. The granary has already bred serialized fine high-yield, pest-resistant [words indistinct] new strains; 150 strains have passed evaluation by the seed evaluation committee and some have passed regional tests.

The project on a comprehensive technique for improving the low and medium yield region in the Huanghuaihai Plain will play an important role in harnessing the region's potential and ensuring its stable growth of grain, cotton, meat, oil-bearing crops, and fruit. Through extensive experiments in 12 comprehensive experimental areas, 59 science and technology projects have been completed. Of the 59 projects, 42, or 71.2 percent of the total, have been applied to production and yielded 1.5 billion yuan economic efficiency. The techniques for preventing and controlling major crop diseases have also produced marked comprehensive efficiency.

New Internal Combustion Engine Invented
OW1903182989 Beijing XINHUA in English
0858 GMT 19 Mar 89

[Text] Chengdu, March 19 (XINHUA)—An engineer in Sichuan Province has invented a new type of internal-combustion engine, which is small in size, cheap in cost and produces little pollutants.

The engine, invented by Li Zhenzhong, president of the Sichuan Global Technological Development Corporation, is based on the principle of a special line movement. It has no connecting rod like the old ones and uses reciprocating pistons.

The engine, claimed as a major revolution in structure, is 40 to 50 percent lighter, and 75 percent of its parts are interchangeable with that of traditional engines. Also, it consumes 13 to 16 percent less fuel.

The new engine can be widely used in cars, lorries, aeroplanes and ships. It has recently got a patent right from the patent office of the People's Republic of China.

Expansion of Parts Plant Improves Production
OW2203114889 Beijing XINHUA in English
1252 GMT 21 Mar 89

[Text] Beijing, March 21 (XINHUA)—The expansion of the Beijing Refrigerator Compressor Factory, a major project in the state plan, has been completed, enabling China to almost double its production of compressors.

The technology and equipment for the plant has been imported from the Philips Group of Holland. Hitherto, the factory has produced a million compressors a year.

Because of its own limited production capacity, China for many years has had to import many compressors.

With the new plant in operation, China is expected to produce 2.25 million compressors a year, thereby saving about 35 million U.S. dollars on imports.

Economic & Agricultural

Peng Zhen Discusses Special Economic Zones
HK2103023789 Beijing RENMIN RIBAO
in Chinese 16 Mar 89 p 2

[XINHUA Report: "Peng Zhen Discusses the Situation in Special Economic Zones in Guangdong"]

[Text] Guangzhou, 15 Mar (XINHUA)—Yesterday in Guangzhou, Comrade Peng Zhen said that the situation must be judged by looking at the main current. At present, the difficulties our nation has encountered in current economic construction are a problem of development, and we communists and the people can solve these problems by working together.

Peng Zhen recently inspected Zhuhai and Shenzhen special economic zones. Yesterday in Guangzhou he had discussions with officials of Guangdong Province and some other old comrades, expressing his view on the present situation.

Peng Zhen said that in 1987 when he visited the two special economic zones, he heard people discussing the subject of whether the special economic zone is a good thing or a mistake. This time during his visit he did not hear such discussions any more. This proves that the problem has been solved in the course of practice. Peng Zhen thinks that running the economic zones is a historical experiment, which has already achieved great results and improvements.

Peng Zhen said, we cannot do without exchange by means of commodity economy, but what we are running is socialist, planned commodity economy, not a capitalist, free economy. Social development must be planned. The quantity of some important production materials and the demand for such materials must be planned too. The problems now appearing in economic construction should be solved by balancing planned economy and by market mechanism.

Peng Zhen thinks that in looking at the situation, and at the problems, we must look at the main current. He said that our party is good, our workers are good, our peasants are good, our army is good, and our intellectuals are good too. Those who abuse their powers for private purposes are a small number and attention must be paid to them. We communists who promote revolution and construction, are doing so for the purposes of emancipating and developing the productive forces, and for the purpose of improving the people's livelihood. Even though during certain periods, and in some problems, we have made mistakes because of the separation of the subjective from the objective, great achievements have

been made since the founding of our nation. The national economy has developed quickly, and the achievements we made in the 10 years' reform are visible to everybody.

Peng Zhen said that at present one of our important tasks is to strengthen education regarding our situation, step up ideological and political work, strengthen education regarding the ideal of communism, and especially strengthen the education of the Communist Party members.

Commentator on Development of Special Zones
HK2203031589 Beijing JINGJI RIBAO
in Chinese 9 Mar 8 p 1

[Commentator's article: "Build up the Special Economic Zones with Economic Prosperity and a Good Administrative Style"]

[Text] A number of people, both in China and overseas, were concerned about the special economic zones at the start of improvement and rectification; they were worried about the change in policy relating to the special zones and a possible setback in development. Some people asked where the special zones are heading. However, Shenzhen and the other special zones are not showing signs of stagnation, indeed they have scored an overall and steady development. The facts prove that the special zones have already achieved the requirements for further reforms, opening up, and development.

What is this conclusion based on? For a very long period, the opening up and the development of the special zones and the coastal regions conflicted with the economic stability of the interior, even the whole country. When consideration is given to the development of the special zones and the coastal regions, the stability of the interior is adversely affected. When consideration is given to the stability of the interior, the development of the special zones and the coastal regions is restricted. In other words, if this mutual conflict cannot be resolved, the special zones and the coastal regions will have great difficulty in developing further. In recent years, with support from the central authorities and every region in the country, the special zones have undergone self-adjustment, self-transformation, and self-development; and have changed from the past pattern of relying on the state's preferential policy, on "blood transfusions" from the interior, on entrepot trade and some primary processing, and on large-scale capital construction. In the special zones now, the economic mechanism is basically perfected. Economic power, especially industrial power, has been strengthened. Industrial and agricultural technology has reached a higher level. The main sources of raw materials and sales have been shifting to the international market. The ratio of production input to output has gradually become rational. These basic changes have enhanced the ability of the special zones to develop quicker and open up further, in a way which neither affects the economy of the interior, nor its stability.

What is the goal of further development? We think that the special zones should have, and indeed possess, conditions for creating a miracle: A prosperous economy and good administration.

Whenever the "development miracle" [fazhan qiji 4099 1455 1142 6619] is mentioned, people will talk about Asia's "four small dragons." In fact, the achievements of these "four small dragons" are not like an unattainable legend. Recently, a foreign businessman said he had observed the Zhujiang delta and felt it was like Taiwan 10 years ago. If he had come in the initial phase of the opening up period, he would have said that the region lagged several decades behind Taiwan. Some foreign publications recommend that the Zhujiang delta should become the fifth dragon in Asia. All these opinions have proved a fact, that is, under the policies of reform and opening up, our special zones and the coastal regions with a quicker pace of economic development, have narrowed the gap between themselves and the newly developed countries and regions in Asia.

If the economy prospers, but social, political and ideological phenomena deteriorate, then it cannot be said that a society with such a phenomena is a successful one. It should be said that Shenzhen has done work in the construction of socialist spiritual civilization, and has achieved certain results. But exactly how to avoid the ills of the capitalist countries in the special zones, and how to build a clean society and a good government, is a problem that has to be solved while the special zones continue their reforms, opening up and development. If this problem can be solved and great economic prosperity can be realized, and if the productive forces develop quickly, while social phenomena are also good, then the superiority of the socialist system can be adequately illustrated by the development of the special zones. This has significant meaning to the implementation of "one country, two systems"; to the solving of the problem of stability of Hong Kong after 1997; to Taiwan reuniting with the motherland; and to the reunification of the country.

Non-Communist Named Agricultural Vice Minister
OW2203132289 Beijing XINHUA in English
1249 GMT 22 Mar 89

[Text] Beijing, March 22 (XINHUA)—Hong Fuzeng, a member of the Central Committee of Jiusan Society—one of the non-communist parties in China—has been appointed vice minister of agriculture.

Hong, 57, is a native of Nanjing and the younger brother of Hong Tong, a well-known professor in Taiwan. He joined Jiusan Society, a political party of mainly intellectuals, in 1983.

He was appointed to the present post on March 17 by the State Council.

Hong is fully aware of his heavy responsibilities but does not feel overwhelmed by what he foresees as a difficult job ahead, since agriculture is his field. "I have been engaged in agrosience for 35 years," he said.

He was enrolled in Fudan University in Shanghai as an agrosience major in 1950. After graduation in 1953, he pursued advanced studies for another year at the Shenyang Agricultural Institute before being assigned to the Jilin Provincial Academy of Agricultural Sciences.

Hong has since written a number of books and more than 100 academic papers largely on forage grass and animal feed. He has also conducted research on livestock farming in Canada and Japan. He is now involved in the compilation of an encyclopedia on Chinese agriculture.

He said he might take charge of agrosience and education on agriculture at his vice-ministerial post.

He expressed the belief that popularization and application of science and technology will boost agricultural production in China.

"I hope more agroscientific projects such as 'bumper harvest plan' and 'vegetable basket project' will be launched in future," Hong said.

Hong has other brothers and sisters living in Taiwan and they might visit the mainland, he said.

"I have been looking forward to the day of reunion," he said.

Farm Machinery Production Problems Noted
OW1703223789 Beijing Domestic Service
in Mandarin 0800 GMT 9 Mar 89

[Text] According to a XINHUA report by reporter (Gu Honghong), farm machinery production and marketing trades, which are generally bustling by this time of the year, are confronted today with mounting problems.

There have been relatively large fluctuations in the production and marketing of major farm machinery. The Ministry of Machine-Building and Electronics Industry has urged the farm machinery trades to consider the overall situation and try their utmost to tide over difficulties.

According to figures released by the ministry, output of the seven major farm machines declined in January over the same period last year. The decline continues in February and March. The department in charge of farm machinery production and marketing holds that most farm machinery enterprises have been unable to operate under full capacity because of restrictions in funds and power supply, while farm machinery companies which market farm machines and tools are also restricted by shortages in funds and are incapable of engaging in normal marketing activity with sufficient goods. In many places, peasants, with cash in hand, cannot buy farm machines and tools, while farm machinery products are piling up in the plants.

Along with the beginning of spring plowing in the southern and northern Chinese countryside, a louder demand has been voiced for improving farm machinery production and marketing. The Ministry of Machine-Building and Electronics Industry has called on enterprises to tide over difficulties and exert themselves to increase the production of farm machines and tools for meeting the seasonal demand. Farm machinery marketing departments in various localities should observe the pricing policy and go all out to ensure the supply of farm machinery needed for spring plowing and for resisting natural disaster. Where conditions permit, enterprises should organize service teams to go to the areas and farms where farm machines and tools are used intensively to, in addition to checking and repairing farm machines and tools, teach the techniques for using, repairing, and keeping them in good condition.

East Region

Anhui Secretary Discusses Party-Building Tasks OW2103050389 Hefei Anhui Provincial Service in Mandarin 1100 GMT 17 Mar 89

[Text] A 5-day provincial conference on party-building ended in Hefei yesterday. The conference was held to study ways to promote party-building. It relayed and studied the guidelines of the series of instructions issued by the CPC Party Committee on strengthening party-building. In connection with the actual conditions, the meeting discussed suggestions and measures for implementing the guidelines and exchanged experiences in party-building.

Lu Rongjing, secretary of the provincial party committee and governor, and Fu Xishou, deputy secretary of the provincial party committee and vice governor, spoke at the conference.

In his speech, Comrade Lu Rongjing discussed five points in party-building: 1) Pay close attention to the work of party committees. The crux of the matter in the realm of ideology and politics is building the party successfully. 2) Have a correct understanding of the current situation of the party and have confidence in successfully carrying out party-building. 3) We must ensure the implementation of the party's fundamental line in party-building during the new period. 4) Persist in strictly enforcing party discipline and enhance the party's unity and appeal. 5) Pay more attention to studying the theory and reality of party-building and attach more importance to guidance by public opinion and examples.

Comrade Lu Rongjing said in conclusion: Party-building during the initial stage of socialism is an important undertaking. Under the leadership of the party Central Committee, we must carry out our work actively and explore earnestly in order to achieve greater success. He pointed out: The masses not only judge us on what we say, but, what is more important, they judge us on whether we will take action or not. We will be able to win their confidence if we earnestly solve the problems of concern to the people as well as the prominent problems within the party. If we are unable, within a specified time, to do a few things pleasing to the people, we will lose their confidence. He urged party committees at all levels to earnestly analyze the situation of party-building in their units or localities, work out plans to solve the prominent problems within the party, and solve these problems within a specified time. Party committees must step up supervision and help implement the plans.

He urged party committees at all levels, while concentrating on developing a socialist commodity economy, to vigorously carry out work in the sphere of ideology and politics and earnestly promote party-building in order to make our party organs at all levels full of vitality, a fighting force, unified, and appealing to the people.

Comrade Fu Xishou briefed the conference participants on the current economic situation in Anhui and arrangements for economic work in 1989.

At the conclusion of the conference, Meng Fulin, deputy secretary of the provincial party committee, outlined requirements for the various localities and departments in relaying and implementing the guidelines of this conference.

Attending the meeting were responsible party members of the Standing Committee of the provincial party committee, the Standing Committee of the provincial Advisory Commission, the provincial People's Congress, the provincial government, and the provincial CPPCC Committee; veteran comrades with party membership in the province; secretaries of the various prefectural and county party committees; secretaries of the leading party groups of the provincial departments, commissions, and bureaus; secretaries of the provincial, prefectural, and county discipline inspection commissions; secretaries of the party committees of the various colleges; and secretaries of the party committees of enterprises in Anhui directly under the State Council, totaling 357 people.

Anhui's Lu Participates in Flood Control Project OW2103054389 Hefei Anhui Provincial Service in Mandarin 1100 GMT 8 Mar 89

[Text] Responsible comrades from party, government, and military organs of Anhui Province and Hefei City; cadres of organs directly subordinate to the province and Hefei City; officers and men of PLA units stationed in Hefei; and CYL members and other youth from Hefei City—some 11,000 people altogether—took part in dredging the Nanfei He this morning.

With red flags fluttering, today's Nanfei He is seething with activity. The obligatory labor campaign of the flood prevention project of the middle section of Nanfei He began today. Lu Rongjing, Wang Guangyu, Fu Xishou, Meng Fulin, Yang Yongliang, Niu Xiaomei, Zhao Baoxing, [words indistinct] arrived at the south bank of Nanfei He this morning to take part in the obligatory labor to dredge the river for flood-prevention purposes. Also participating in this labor were cadres from organs directly subordinate to the province and Hefei City, PLA officers and men stationed in Hefei, and CYL members and other youth from Hefei City.

Nanfei He is a major river flowing through Hefei City. Protecting and harnessing the Nanfei He well is an important measure for flood prevention, as well as an important component in the building of spiritual civilization in Hefei City. Every resident of the city is obliged to participate in manual labor to harness the Nanfei He to ensure that the river can play its role well in flood prevention, drainage, and greening.

Lu Rongjing Takes Part in Anhui Afforestation
*OW2103031289 Hefei Anhui Provincial Service
in Mandarin 1100 GMT 12 Mar 89*

[From the "Provincial Hookup" program]

[Excerpts] Today, 12 March, is the 10th anniversary of Afforestation Day. More than 5,000 pines, cypresses, and willows were planted in the vicinity of the Dongku Reservoir by some 1,000 people, including government officials and military personnel in Hefei and other parts of the province. [passage omitted]

Afforestation is gaining speed in Hefei, an area criticized by the press not long ago for its inadequacy in this area. So far the provincial seat has completed 70 percent of its afforestation plan.

Talking to Hefei Mayor Zhong Yongsan, Lu Rongjing, secretary of the Anhui provincial party committee and governor of Anhui, said: You can mark my words, you and I are going to work together this time and make this afforestation campaign a success. [passage omitted]

Fu Xishou, Meng Fulin, Yang Yongliang, Cui Jianxiao, Zheng Rui, Li Yuanxi, and other leading comrades of provincial party, government, and military organizations took part in this year's afforestation drive. [passage omitted]

Chen Guangyi Joins Fujian Arbor Day Activities
*OW2103035389 Fuzhou Fujian Provincial Service
in Mandarin 1100 GMT 12 Mar 89*

[Text] Today is the 10th Arbor Day. At 0830, more than 400 leaders from all the prefectures, cities, and counties who had just attended the provincial party-building work meeting, arrived at the Fuzhou (Wenminshan) Martyrs' Mausoleum with shovels, hoes, and buckets in hand, to plant trees. The elderly 81-year-old Chen Xizhong, vice chairman of the provincial CPPCC Committee, also zestfully joined in the activity. He made the following comment to this reporter: Afforestation is everybody's bounden duty. Although I am an octogenarian, I still want to come here to plant trees. Comrade Chen Guangyi humorously noted: Each tree our revered Comrade Chen planted equals 10 planted by us.

Provincial Governor Wang Zhaoguo was particularly full of drive in his work. He took off his coat, wielded his shovel, dug out dirt, and carefully inserted bricks around the trees he planted. Jia Qinglin, Hu Hong, Cheng Xu, (Huang Min), (Wen Fushan), Zhang Kehui, Lin Kaiqin, Zhang Yumin, Ling Qing, Wen Xiushan, Shi Xingmou, Su Changpei, and other comrades also worked hard, their faces streaming with sweat. Chen Guangyi, secretary of the provincial party committee, who proposed this activity, planted six white yulan magnolia and mango trees with other comrades. Pointing toward the responsible persons from all prefectures and cities who were brandishing their spades to dig out dirt throughout

the hills, he told this reporter: In afforesting the land, leading cadres must take the lead. Afforestation is a cause of boundless social morality.

Vice Governor Su Changpei, who is in charge of forestry, said: Afforestation calls for [words indistinct] and not only greening but also improving. Comrade Chen Guangyi added: It is also necessary to beautify [words indistinct] them.

After laboring for more than 2 hours, they had planted more than 2,000 white yulan magnolia, mango, and acacia trees, which added some luster to the (Wenminshan) Martyrs' Mausoleum. Later, they all paid a visit to the mausoleum.

Fujian Secretary Attends Art Federation Session
*OW2103035589 Fuzhou FUJIAN RIBAO in Chinese
1 Mar 89 p 1*

[Text] On 28 February, following a period of discussion and consultation, more than 300 deputies to the third congress of the provincial Federation of Literary and Art Circles, who had come to Fuzhou from places throughout Fujian, approved amid applause the namelist of the third committee of the provincial Federation of Literary and Art Circles. The congress thus ended successfully.

Chen Guangyi, secretary of the provincial party committee, who had just returned to Fuzhou, attended the closing ceremony of the third congress of the provincial Federation of Literary and Art Circles. He shook hands with the members of the congress presidium and congratulated them on the success of the congress.

Ding Ding, executive chairman of the congress presidium, presided over the closing ceremony. The congress approved in principle the report on the work of the federation made by the second presidium of the provincial Federation of Literary and Art Circles, as well as the new constitution of the provincial Federation of Literary and Art Circles.

Wan Liyun, Ma Ning, Zhu Li, Zheng Yizou, Zheng Chaozong, Yang Ying, You Long, and Xie Toubao, the eight veteran comrades within the literary and art world, were recommended to be honorary members of the provincial Federation of Literary and Art Circles.

During the 4-day session, deputies spoke their mind freely and aired their views on literary and structural art reform, the sense of responsibility for society among literary and art workers, how to do the work of the federation and the work of literature and art well, and other popular topics. In their discussion, deputies did not evade existing contradictions and questions. They particularly stressed that while the ideological trend of a commodity economy, as well as other trends of thought,

are pounding at our society, workers in the literary and art fields must emphasize their self-cultivation, withstand various tests, work hard, and vow to adhere to their chosen course.

Guo Feng made the closing speech at the ceremony. He called on literary and art workers throughout the province to rally more closely; to delve deeply into the realities of life with ardor and a strong fighting will; to widen their field of vision; to keep in touch with the realities of reform; to understand the people's demands; and to use their own talents and fervor to create more and better artistic works that are rich in epochal, national, and personal characteristics. He called on them to create a civilized, healthy, democratic, and harmonious social environment for reform and openness and to make new contributions encouraging people throughout the province to advance with greater strides on the road of the four modernizations; to strive for cultural exchange between Fujian, Taiwan, Hong Kong, and Macao; and to work for the cultural development and enrichment of mankind. "The splendid stars and the blooming flowers usher in the morning sun of the new century rising slowly above the horizon in the east!"

He Shaochuan, Huang Ming, and Chen Mingyi were present at the closing ceremony.

Fujian Secretary Meets Theatrical Troupe Members
OW2103100889 Fuzhou FUJIAN RIBAO in Chinese
1 Mar 89 p 1

[Text] Zeng Qingping, a young performer from the provincial Liyuan theatrical troupe, has had the honor of being awarded the "Plum Blossom Prize" of the sixth Chinese theatrical festival. Yesterday, the provincial theatrical association held a meeting in Fuzhou to mark the event.

Prior to the meeting, provincial leaders including Chen Guangyi, He Shaochuan, Huang Ming, and Chen Mingyi received Zeng Qingping, the playwright-director, and the leader of the theatrical troupe.

The provincial Liyuan theatrical troupe performed the Liyuan drama "Song of a Virtuous Widow" during the Chinese theatrical festival. By exquisitely portraying the image of a widow of ancient China with deep feelings, the 24-year old Zeng Qingping won unanimous praise from the evaluation committee and was awarded the nation's highest theatrical honor—the "Plum Blossom Prize"—which is also the highest honor ever won by a theatrical performer from our province.

At the meeting, the chairman of the provincial theatrical association presented an inscribed mirror to the provincial Liyuan theatrical troupe for its outstanding achievement in training new talent. He Shaochuan was on hand to present the prize to Zeng Qingping. He also presented a solid-gold "narcissus" shaped brooch worth over 1,000 yuan as well as an inscribed scroll to Zeng Qingping.

Mao Zhiyong at Jiangxi Party-Building Meeting
OW2103044889 Nanchang JIANGXI RIBAO in Chinese
3 Mar 89 p 1

[Text] A provincial conference on party-building sponsored by the Jiangxi provincial party committee opened in Nanchang on 2 March. The meeting's main purposes are to convey, to study, and to implement the guidelines of important talks by leading comrades of the central authorities at the party-building study class of the party Central Committee, as well as the guidelines of the national conference on the work of education of party members, the national conference on discipline inspection work, and the national forum on establishing a clean government system. The goal is to enhance understanding, to unify thinking, and to plan for our province's party-building work.

A total of 120 comrades attended the conference, including Mao Zhiyong, Liu Fangren, Jiang Zhuping, Wang Zhaorong, Wang Baotian, Lu Xiuzhen, Wang Taihua, Ma Shichang, Zhao Zengyi, Di Sheng, Liu Zhonghou, Wang Shufeng, Zhu Zhihong, Xu Qin, and Wang Guande. Responsible comrades from the Standing Committee of the provincial Advisory Commission, the Standing Committee of the provincial Discipline Inspection Commission, the provincial People's Congress Standing Committee, the provincial government, and the provincial CPPCC Committee's party organization; responsible comrades from the party committee of the provincial military district; party committee secretaries, deputy party committee secretaries in charge of party and mass work, and party committee secretaries of discipline inspection commissions from the various prefectures and cities; responsible comrades from the various prefectural and city departments concerned; principal responsible comrades of the departments concerned under the provincial party committee; secretaries of party organs of the provincial general, supervision, public security, and judicial departments, the provincial court, and the provincial procuratorate; and responsible comrades from various journalism units, who happen to be party members, also attended.

Also present were Bai Dongcai, member of the Central Advisory Commission, and veteran Comrade Fu Yutian.

At a meeting yesterday morning, Mao Zhiyong, secretary of the provincial party committee, conveyed an important talk by Zhao Ziyang, general secretary of the CPC Central Committee, given at the party-building study class of the party Central Committee. Mao Zhiyong said: The party Central Committee has attached great importance to party-building during the important period of transition. Speaking at many forums held as part of the first party-building study class of the party Central Committee, General Secretary Zhao Ziyang repeatedly expounded on a number of important issues related to party-building. They are as follows: Including party-building on the agenda of important matters by party

committees at all levels; developing a socialist commodity economy while paying equal attention to ideological and political work; making party-building a success while doing ideological and political work; making a scientific analysis of party status during the important transition period; regarding the establishment of a clean government system as a central task of party-building; strengthening party unity organizationally and ideologically; strengthening and improving party leadership; and doing a down-to-earth job in building up the party grass roots. Mao Zhiyong also conveyed Comrade Qiao Shi's important talks at the party-building study class.

In the afternoon, Liu Fangren, deputy secretary of the provincial party committee, conveyed the guidelines of the national conference on education of party members and the national forum on establishing a clean government system, as well as the views of the provincial party committee on implementing these guidelines. Zhu Hongzhi, secretary of the provincial Discipline Inspection Commission, conveyed the guidelines of the national conference on discipline inspection work, as well as the views of the provincial Discipline Inspection Commission on how to implement these guidelines.

Also present at the meeting to hear the reports and discussions were party-member cadres who are at least deputy directors of provincial level departments and bureaus, party committee secretaries of offices directly subordinate to the province, and party-member cadres attending the seventh Standing Committee meeting of the seventh provincial People's Congress who are at least deputy secretaries of prefectural and city party committees. They totaled over 700 people.

Liu Fangren and Jiang Zhuping, deputy secretaries of the provincial party committee, presided over yesterday's meeting.

Group discussions of the provincial conference on party-building began today.

Jiangxi Party Meeting Stresses Honesty in Work
OW2103084589 Nanchang Jiangxi Provincial Service
in Mandarin 1100 GMT 9 Mar 89

[Text] The organizational department of the provincial party committee held a meeting of heads of organizational departments of prefectural and city party committees on 7 March. Lu Xiuzhen, member of the Standing Committee of the provincial party committee and director of the organizational department of the provincial party committee, addressed the meeting.

He said: The organizational department of the provincial party committee should stress fairness, seeking truth, honesty, observing discipline, unity, diligence, and serving others fervently as its work style, and welcome public supervision to ensure this work style is really implemented. Fairness and seeking truth mean that one should do one's work in the spirit of fairness and seeking

truth from facts. This is the most important professional ethics for organizational departments. As a member of such a department, one must strictly adhere to this principle. In employing cadres, it is necessary to adhere to the principle of combining ability with political integrity and of appointing people on their merits; the principle of ensuring that cadre ranks become more revolutionary, younger in average age, better educated, and more professionally competent; and the principle of dealing with comrades on an equal footing regardless of where they come from. When making appointments, we must not show favoritism, intercede for someone, curry favor, or barter away principles. In admitting new party members and dealing with party members, it is necessary to adhere to party standards and policies and to boldly struggle against words and deeds that run counter to party principles governing personnel work. In evaluating cadres and conducting investigations and studies, it is necessary to adhere to the principle of seeking truth from facts and to listen to opinions from all sources; it is necessary to refrain from bias and partiality and to avoid any trace of one-sidedness in order to be as accurate as possible.

Honesty and observing discipline mean clean administration and strict observation of laws and discipline. All cadres of organizational departments should uphold this fine work style and strengthen their sense of discipline; they should also refuse to be contaminated by evil influence and should devote themselves wholeheartedly to public duty. They should be strict with themselves, set an example for others, and uphold righteousness and fairness; they should refrain from using unfair means to help relatives and friends in matters of employment, transfers, promotion, higher education, and readjustment of wages; and they should take the lead in implementing party regulations and state laws and do their work in accordance with the party constitution and the laws of the state.

Unity and diligence mean working hard with one heart and one mind to seek progress. The organizational departments should uphold this mental outlook in doing their work. To promote unity, it is necessary to take into account the general interests; that is, taking into account common objectives and the image of the organizational departments and taking into account the reforms, opening up to the outside world, and the four modernizations drive. In addition, it is necessary to arrive at a unified understanding and coordinate actions in dealing with major issues of right and wrong. In dealing with minor issues, it is necessary to avoid haggling over trivia, promote mutual understanding, and strive to seek common ground on major questions while reserving differences on minor ones.

Diligence means working hard without caring much for personal fame or interests. It is also necessary to be diligent in study, in thinking, and in analyzing problems and to strive to constantly improve one's political awareness and professional skills.

Serving people fervently means wholeheartedly serving higher and lower levels, party members, and cadres. Organizational department cadres should uphold this fine work attitude.

Organizational departments, as homes of party members and cadres, should embody the warmth of a family, harmony, and kindness. This will encourage party members and cadres to gladly visit homes to frankly speak their mind.

Jiangxi Meets on Water, Soil Conservation
OW2103101289 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 9 Mar 89

[Text] A provincial meeting on water and soil conservation was held in Nanchang yesterday. The meeting called on all localities to strengthen the work of water and soil conservation in order to promote the development of agriculture.

The meeting pointed out: Last year, various localities in the province did a good job in preventing water loss and soil erosion by adhering to the principle of giving priority to prevention, by integrating prevention with treatment, and by promoting development through opening up new land. As a result, the province controlled water loss and soil erosion on land totaling more than 2.3 million mu.

However, there are still many problems concerning water and soil conservation work. All areas must attach special importance to this work. At present, all localities should correctly understand the importance of water and soil erosion to the development of agriculture. In developing agriculture, it is necessary to work out a scientific plan to protect resources and use them rationally. Social education, ecological education, and economic education should be combined in order to achieve practical results in water and soil conservation. Attention should be paid to checking water loss and soil erosion in small basins by planting timber forests, economic trees, and other types of trees that will produce money-earning products for the markets.

Shanghai Meeting Views Transport, Communications
OW2103050689 Shanghai City Service in Mandarin 1000 GMT 14 Mar 89

[Text] Addressing a meeting yesterday afternoon to examine the performance in the 1988 100-day drive to promote transportation safety and postal and telecommunications services, as well as to examine the transportation services during the Spring Festival, Shanghai Mayor Zhu Rongji urged all transportation, postal, and telecommunications workers to continue the drive during the new year and strive to achieve even greater success.

Jiang Zemin, secretary of the Shanghai municipal party committee, also addressed the meeting.

He said: Communications and transportation services are indispensable in people's daily life. They are also essential for opening Shanghai to the outside world. The communications sector is a very important battle front. He called on all communications, postal, and telecommunications workers to continue to work hard and achieve even greater successes in 1989.

Sun Guizhang, vice chairman of the Shanghai Municipal People's Congress Standing Committee, and Shanghai Vice Mayor Ni Tianzeng presented trophies to the 98 advanced collectives and 419 advanced individuals who distinguished themselves during the 100-day drive.

Officials Attend Zhejiang Education Conference
OW2103045089 Hangzhou ZHEJIANG RIBAO in Chinese 4 Mar 89 p 1

[Text] A 3-day provincial conference on education work ended in Hangzhou yesterday. While consolidating the understanding of party and government leaders at all levels with regard to the strategic importance of education in developing the socialist economy, the participants in the conference also stressed the need to accelerate educational reform and to correct a tendency whereby education has failed to meet the needs of social and economic development.

Shen Zulun, Xu Xinguan, Wu Renyuan, Liu Xirong, Wu Minda, Li Debao, and Shang Jingcai attended the closing session. Shen Zulun, Xu Xinguan, and Shang Jingcai spoke, while Li Debao gave a summation report.

In his report, Li Debao fully affirmed the achievements of our province in education over the past several years. He stated: Since the provincial conference on education work in 1985, party and government leaders have begun to pay attention to education; the principle of charging local governments with the responsibility of promoting grassroots education has been implemented; the counties and townships have shouldered the heavy burden of elementary education; the masses have changed their views about education; and a number of model units have emerged where leaders have attached great importance to education, and where the masses are enthusiastic about education. As a result, a correct concept about education has been established, elementary education has improved, the secondary education structure has been reformed, and relatively good results have been achieved in developing vocational and technical education.

Li Debao stressed that the emphasis of education should be placed on the 9-year compulsory education system and on vocational and technical training. He called on the principal party and government leaders to strengthen the leadership and to deepen their understanding of the urgency of educational reform. The erroneous view that the sole aim of the existence of schools is to send their graduates to schools of a higher grade has seriously weakened the educational system's ability to meet the needs of a developing socialist economy and has

adversely affected the healthy development of education. This tendency must be resolutely corrected. Leaders at all levels must clearly understand the guiding ideology of the 9-year compulsory education system and replace the lopsided idea that education's sole purpose is to send graduates to schools of a higher grade with the correct idea that the purpose of education is to raise the quality of all people.

Li Debao called on the various localities to plan their local education programs well and to do their utmost to implement the 9-year compulsory education system before the year 2000. Governments at all levels must correct the passive attitude that nice things will happen all by themselves. They must understand that implementation of the 9-year compulsory education program depends on the attention of the leadership, as well as on the masses' enthusiasm in running schools.

Touching on the question of educational reform, Li Debao asserted: The various localities must carry out a structural reform of secondary education, vigorously develop vocational and technical education to meet local economic needs, and promote various forms of vocational and technical training programs. Government departments and employment agencies must correct the idea that only college graduates and post-graduates are professionals, while graduates from vocational and technical schools are not. The education department must correct the erroneous concept that only schools under the regular education system can train professionals, while vocational schools produce only "jacks-of-all-trades." It is necessary to actively sum up and spread the experiences of advanced models in vocational education.

During the conference, a vast majority of comrades from the various prefectures (cities) completed the formulation of plans for the 9-year compulsory education program and mapped out specific measures. Ningbo City has been implementing an education responsibility system for government leaders since the beginning of 1989. It has signed contracts with regard to government leaders' responsibility for education with various counties (cities) under its jurisdiction, it has included the promotion of education as a target to be fulfilled during the tenure of office of government leaders at all levels, and it has regarded education as an important criteria for rating the annual performance of principal leaders at all levels.

Zhejiang Views 1988-89 Communications Work
OW2203043489 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 15 March

[Text] A provincial communications work meeting was held in Hangzhou this morning. The main agenda was to relay and implement the guidelines of the national communications work meeting, sum up and review 1988's communications work, and draw up a plan for 1989's tasks.

Provincial Vice Governor Chai Songyue spoke at the meeting. After praising the results achieved by the communications departments over the past year, he encouraged all meeting participants to make new contributions during the new year.

In 1988, the province fulfilled the task of transporting 590 million passengers and 300 million metric tons of cargo. In addition, the province also overfulfilled the task of transporting key materials, including 10.23 million metric tons of coal, which constituted 50 percent of all coal transported into Zhejiang. The results in the construction of the communications infrastructure were remarkable. The province completed the Feiyunjiang Bridge in Ruian, the project of linking the canal with the Qiantangjiang and the key projects of 2 berths for 10,000-metric ton freighters in the Wenzhou and (Longwan) harbor districts. Safety measures for shipping were markedly improved. The development of Zhejiang's communications and transport has played a vanguard role in the development of the national economy.

Central-South Region

Guangdong Inflation Rate Outpaces Income
OW2203075989 Beijing XINHUA in English 1430 GMT 21 Mar 89

[Text] Guangzhou, March 21 (XINHUA)—The real income of urban residents in south China's Guangdong Province declined by 5.7 percent in 1988, though the average nominal income there remained in the leading position in the country.

Statistics released today by the provincial Statistics Bureau show that the per capita income in urban areas averaged 1,474 yuan (about 400 U.S. dollars) last year, 22.1 percent more than in the previous year and 31.7 percent more than the national average.

However, the index of retail prices jumped 30.2 percent over 1987 and the living cost of urban residents rose 29.5 percent, 5.7 percent more than the growth rate of average personal income.

A sample survey made on 17 cities and counties also shows that 41 percent of households can not make ends meet.

Guangdong Governor Ye Xuanping attributed the phenomenon to the following reasons: overheated economy; excessive growth of consumption funds, especially of institutional consumption funds; excessive rise of industrial production and speculation in the circulation of commodities.

Guangdong Sets Tasks for Improving Social Order
HK2203111589 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 21 Mar 89

[Text] The provincial conference on public security, procuratorate, and judiciary work that concluded today outlined this year's key tasks for public security, procuratorate, and judiciary work to ensure that social order this year will be better than last year.

The meeting pointed out: At present heavy blows should be dealt at criminals involved in murder, robbery, rape, drug trafficking, serious larceny, smuggling, trickery, homicide for reprisals, kidnapping people for sale, group gambling, abducting females for prostitution, and particularly at criminals on the run and big-shots of criminal gangs. The meeting also emphasized that the fundamental way out for improvements in social order lies in mobilizing all social forces to improve it in an all-around way.

Progress Made on Guangdong's Nuclear Plant

Contingency Measures Expected
HK2103014389 Hong Kong SOUTH CHINA MORNING POST in English 21 Mar 89 p 7

[By Andy Ho and Daphne Cheng]

[Text] A group of about 30 Chinese experts are expected to complete an outline on comprehensive on-site contingency measures for the Daya Bay nuclear power station later this month.

The panel, the Joint Experts Group, was commissioned by the Guangdong Nuclear Power Joint Venture Company which is responsible for the \$28.8 billion Daya Bay atomic power plant now being built about 30 kilometres northeast of the border.

The experts, including Chinese radiologists, ecologists and specialists in contingency measures, are being assisted by the Chinese Nuclear Industry General Company, which replaced the Ministry of Nuclear Industry last year.

The on-site contingency plan will cover residents and workers living within 10 kilometres of the Daya Bay plant site in the event of an accident.

The plan will cover a wide range of topics—evacuation procedures, transport logistics, an early public alarm system, medical and fire emergency services.

Public education, emergency staff training, division of responsibilities among various governmental bodies and an accident classification scheme will also be included.

Emergency measures for Hong Kong, however, will not be covered by the on-site plan as the territory falls outside the 10-kilometre range.

The Hong Kong Government is expected to come up with a detailed set of local Daya Bay emergency measures by September.

The on-site Daya Bay contingency plan will be worked out in accordance with existing Chinese environmental and radiological protection regulations.

Based on the outline plan, the expert group is expected to work out a more detailed draft between next month and June 1990.

The Daya Bay developer and other mainland experts will scrutinise the draft before it is submitted to the Nuclear Industry General Company.

The United Nations' International Atomic Energy Agency will also be invited to comment on the draft in late 1990.

A final set of on-site emergency measures will be submitted to the Chinese nuclear licensing authority—the National Nuclear Safety Administration—for approval before March 7, 1991.

The on-site emergency plan is one of the licensing conditions for the two Daya Bay 900-megawatt pressurised water reactor units.

The schedule for developing an off-site emergency plan was tabled at the second meeting of the joint venture company's 14 member Sino-Hong Kong Nuclear Safety Consultative committee in Shenzhen last Saturday.

It is an international practice that the owners of nuclear power plants are held responsible for developing a set of on-site emergency measures.

A general off-site contingency plan, however, falls within the domain of the Chinese Government. The topic was not raised at the committee's meeting last week.

The first of the Daya Bay twin reactor units is scheduled to come on stream by mid-1992.

Training in France To Begin
HK2203112789 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0644 GMT 21 Mar 89

["Staff of Daya Bay Nuclear Power Plant To Be Trained in France"—ZHONGGUO TONGXUN SHE headline]

[Text] Beijing, 21 Mar (ZHONGGUO TONGXUN SHE)—After completing a course on water-pressurized reactors, the staff of the Daya Bay Nuclear Power Plant, which is situated in Guangdong Province of China, will soon go to France to receive on-the-spot training.

The first batch of staff members to be sent by the Daya Bay Nuclear Power Plant to France will consist of 50 people, all of whom have received ½ year of training in

nuclear theory in China. According to an arrangement jointly made by China and France, the first batch of staff members will be taught how to operate nuclear reactors in France.

According to the safety regulations governing the operation of China's nuclear power plants, one can only become an operator of nuclear reactors after one has received on-the-spot training and obtained a certificate in nuclear reactor operation. Now, the second batch of staff members to be sent by the Daya Bay Nuclear Power Plant to France will soon begin their theoretical studies. The second batch of staff members is scheduled to go to France to receive on-the-spot training this October.

Shantou Borrowing Reaches \$22.5 Million
HK2103013189 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English
21 Mar 89 p 4

[By Cheung Lai-kuen]

[Text] The Shantou Special Economic Zone [SEZ] in Guangdong has arranged financing totalling U.S.\$22.5 million from Hong Kong financial markets in the past year to support its economic development.

Li Baiqin, director and deputy general manager of Longxing Development Co, said \$7.5 million was arranged by the company last year.

Longxing is the zone's commercial arm and representative office in Hong Kong.

Mr Li said the funds were raised in Hong Kong through loans provided by banks.

Of the total, about \$5 million was raised for developing 100,000 square metres of factory premises.

He said factory premises were in great demand in the zone due to increasing offshore industrial investments.

The loan was signed by Longxing in August last year. The company was established in March last year.

The general manager of the Shantou International Trust and Investment Corp, Weng Zhenxun, said his company had arranged financing totalling \$15 million since it was established in July last year.

He said the capital was used to fund economic development of the zone including support manufacturing enterprises and infrastructures.

The corporation is the only financial institution of the zone and is authorised to raise capital in international markets.

Both Mr Li and Mr Weng said their companies would arrange more loans in the Hong Kong market this year, adding that some negotiations were under way at the moment.

The zone is also negotiating with some international financial institutions to help develop its infrastructure.

The director of the zone's planning commission, Li Jingxi, said discussions had been held with the World Bank on arranging a loan for a bridge to link the two sides of Shantou.

Another project under consideration—a highway from Shenzhen to Shantou—would be financed by borrowings from Japan's Overseas Co-operation Fund, he said.

He added the highway was still in the design phase.

Mr Li Jingxi said Shantou was drawing up plans to build a third thermal power station in the zone and to construct a port to cope with shipping traffic that had stemmed from the increasing industrial activity in the area.

Shantou's two power stations have capacities of 40,000 kwh and 20,000 kwh.

Mr Li said the power supply for the region could be satisfied by the existing stations, but a shortage could develop if additional industrial projects were established in the future.

The capacity of the new station would be 600,000 kwh and would be developed by Hua Neng International of Beijing, Guangdong's provincial government and the Shantou SEZ, he said.

Shantou was the second largest port in China before World War II, but its importance was reduced as other ports on the coast were developed.

Mr Li said Shantou was planning to build four berths capable of handling vessels from 10,000 deadweight tonnes to 35,000 dwt.

These would include berths for barges and containers and one would be for a coal pier.

Mr Li said Shantou lagged behind the other special economic zones of Shenzhen and Zhuhai in attracting offshore investment because of geographic reasons.

But he added that more offshore investment had been committed to Shantou over the last year.

Some of the projects, such as a petrochemical factory by Thailand's Chia Tai Co, were extremely large, Mr Li said.

Chia Tai Co has been given approval to establish a petrochemical factory in the zone to produce ethylene with a total investment of U.S.\$800 million.

Hainan To Allow Foreign Development of Areas
OW2203045789 Beijing XINHUA in English
0242 GMT 22 Mar 89

[Text] Beijing, March 22 (XINHUA)—Authorities of Hainan, China's newest province and biggest special economic zone, plan to allow foreign businessmen to develop a number of economic areas under contract in the province, XINHUA learned here today.

Xu Shijie, secretary of the provincial party committee, said here that foreign businessmen are also welcome to launch their own enterprises or export-oriented projects in the province as part of Hainan's effort to open itself wider to the outside world.

Xu, a deputy to the ongoing session of the Seventh National People's Congress, the Chinese version of parliament, told XINHUA that the central government has made it clear on several occasions that its special policies towards Hainan will not change during the nationwide economic readjustment.

He said this in response to reported worries about possible changes in the special policies of the central government towards his province, which was established last April.

However, Xu said Hainan Province which is a special economic zone, plans to develop step by step because it starts from a rather weak economic foundation.

He admitted, "The tendency of expecting quick results in the province's economic development in the early days of its establishment was abnormal."

The move to improve the economic environment and straighten out the economic order is necessary in the newly-established province as well as in other parts of the country, Xu said.

"The economic readjustment will be conducive to Hainan's opening to the outside world and to its efforts to improve the investment environment and make better use of investment," Xu added.

At the time when the Hainan special economic zone was established, many people wanted to realize lucrative profits from reselling goods instead of from operating factories, Xu said.

As a result of the economic "house cleaning" started last September, more and more production projects are under way to tap the abundant natural resources in the tropical province, according to Xu.

North Region

Beijing People's Congress Committee Meets
SK2103073989 Beijing BEIJING RIBAO in Chinese
11 Mar 89 p 1

[Text] The ninth Standing Committee meeting of the ninth municipal People's Congress opened on 10 March. The meeting decided that the second session of the ninth municipal People's Congress will open on 20 April.

The full text of the decision approved at the Standing Committee meeting on 10 March reads as follows:

The ninth Standing Committee meeting of the ninth municipal People's Congress decided: The second session of the ninth municipal People's Congress is to open on 20 April 1989. The main suggested items on the agenda of the session are to hear, examine, and discuss the work report of the municipal people's government; to examine and approve the 1989 municipal national economic and social development plan, the 1988 municipal final accounts, and the 1989 municipal budget; and to hear, examine, and discuss the work reports of the municipal People's Congress Standing Committee, the municipal higher people's court, and the municipal higher procuratorate.

Meeting Ends 11 Mar
SK2103070089 Beijing BEIJING RIBAO in Chinese
12 Mar 89 p 1

[Excerpts] The ninth Standing Committee meeting of the ninth municipal People's Congress concluded on 11 March. Participants listened to and examined Vice Mayor Huang Chao's "Report on the Development and Construction of 37 Poverty-Stricken Townships in Mountain Areas," and adopted corresponding resolutions.

In 1985, the 24th Standing Committee meeting of the 8th municipal People's Congress had adopted the "Resolution on Helping Poverty-Stricken Mountain Areas Change Their Outlook." Vice Mayor Huang Chao briefed members on the implementation of this resolution by the municipal government over the past 3 years.

Members agreed with the report of Vice Mayor Huang Chao, maintaining that the municipal government has earnestly implemented this resolution and has scored gratifying achievements in adopting measures to effect remarkable changes in 37 poverty-stricken townships in mountain areas. However, because these townships are backward in natural conditions and economic foundation, it is impossible to achieve success in one move in developing and building these areas. Therefore, we must persist in this work in an unremitting manner. [passage omitted]

The meeting's participants also listened to and examined the report made by Li Xuexin, director of the Culture and Education Office of the municipal government, on handling the motions of drawing up the "Beijing Municipal Regulations on Education for Workers and Staff

Members" and the "Beijing Municipal Regulations on Vocational and Technical Education." They also listened to and examined the report made by the Credentials Committee of the municipal People's Congress Standing Committee on the examination of qualifications of deputies to be elected to fill vacancies. [passage omitted]

On 11 March, this meeting decided to appoint Chen Shudong [7115 2579 2767] as director of the Beijing Municipal Land Administrative Bureau.

Li Guang, Xia Qinlin, and Xing Jun, vice chairmen of the municipal People's Congress Standing Committee, respectively presided over this Standing Committee meeting. Present at the meeting were Vice Chairmen Tan Yizhi, Tao Dayong, Pu Jiexiu, Chen Mingshao, and Rong Yi. Present at the meeting as nonvoting deputies were Zhang Jianmin and Huang Chao, vice mayors of the municipality; Liu Yunfeng, president of the municipal Higher People's Court; and He Fangbo, chief procurator of the municipal People's Procuratorate. Responsible comrades of people's congress standing committees of various districts and counties also attended the meeting as nonvoting deputies.

Li Ximing at Beijing Afforestation Rally
SK2103081589 Beijing BEIJING RIBAO in Chinese
10 Mar 89 p 1

[Excerpts] On 9 March, spring was very much in the air at the Great Hall of the People, because representatives from a number of units and 1,029 individuals who strove to make make the capital green and beautiful in 1988 were commended.

Present at the commendation rally were Li Ximing, member of the Political Bureau of the CPC Central Committee; Duan Junyi, member of the Standing Committee of the Central Advisory Commission; Xi Zhongxun, vice chairman of the Standing Committee of the National People's Congress; Chen Xitong and Chen Junsheng, state councillors; Ma Wenrui, vice chairman of the National Committee of the Chinese People's Political Consultative Conference; and Zhao Nanqi, member of the Central Military Commission. At this rally, these leading comrades warmly congratulated these advanced units and activists on their outstanding contributions in making the capital green and beautiful.

Chen Xitong, chairman of the Beijing Greening Committee, state councillor, and mayor of Beijing Municipality, declared the rally open.

State Councillor Chen Junsheng made an important speech on behalf of the State Council.

Huang Chao, vice chairman of the Beijing Greening Committee and vice mayor of Beijing Municipality, made a speech entitled "Extensively Mobilize the People to Make the Capital More Green and Beautiful in Order

To Greet the 40th Anniversary of the PRC's Founding and the 11th Asian Games With Outstanding Achievements." He said: During the past year, the capital scored great achievements in conducting the all-people voluntary tree-planting activity and in making the capital green and beautiful, and all urban and rural areas in the capital overfulfilled the task of making the environment green and beautiful and the tree-planting and afforestation tasks. As a result, the municipality has further improved its ecological environment and yielded good ecological, social, and economic results.

Huang Chao pointed out: Although the capital has scored increasingly good achievements in planting trees, afforesting the land, and making the environment green and beautiful, it still lags behind the capitals of advanced countries and some other municipalities of our country, as well as the demands of the CPC Central Committee and the State Council, in the quality of the ecological environment and the level of making cities green and beautiful. [passage omitted]

Chen Xitong made a speech at the conclusion of the rally. He pointed out: This spring's tree-planting season is about to begin. The people throughout the municipality should take prompt action to perfect plans and prepare land and nursery stock well in order to ensure the success in the key afforestation projects of greening the main stadium of the Asian Games and creating a ring-like green belt. In implementing the NPC's resolution on conducting the all-people voluntary tree-planting campaign, Beijing should take the lead in adopting feasible measures to ensure the implementation of this resolution. Criticism should be imposed on those units which are backward in afforestation, and fines should be imposed on those units which refuse to make themselves green although they have the conditions to do so. He called on the people in the capital to make still greater efforts to actually raise the greening and beautifying work to a new level.

Attending the 9-March commendation rally were responsible comrades of the central pertinent departments, the Beijing Greening Committee, and Beijing Municipality, including Gao Dezhan, Lin Hanxiong, Jiao Ruoyu, Wang Xian, Chang Jie, Xiang Chongyang, Chu Chuanheng, Yuan Liben, Xing Jun, Wang Bin, Li Laizhu, Feng Jun, and Zhang Mingyi.

Hebei Secretary Chairs Meeting on Economy
SK2103075589 Shijiazhuang HEBEI RIBAO
in Chinese 8 Mar 89 p 1

[Text] On the afternoon of 6 March, the Standing Committee of the provincial party committee held a meeting to discuss economic work. The meeting noted: The current economic situation of our province is characterized by good news mingled with bad news, problems with potential, and difficulties with promises. As long as we pull ourselves together, exert efforts, and facilitate the work of improvement and rectification in a

wholehearted and down-to-earth manner, economic results will be continuously improved, and the originally fixed annual industrial production growth target will be attained.

Comrades attending the meeting held: To change the passive situation in economic work and prevent a downward trend in industrial production, governments at various levels and economic departments have done a great amount of work and achieved certain results. However, the situation remains rigorous. Shortages of coal, electricity, funds, and raw materials cannot be fundamentally alleviated within a short period of time. In addition, our province started late in developing the commodity economy, and its economy and resources are weak and abilities to take on pressure poor. This makes our work more difficult. We should estimate early, accurately, and adequately the difficulties and problems we have already encountered or will encounter, be determined and adopt measures early, and never be misled by temporary alleviation or certain false appearances to become careless and unrealistically optimistic.

The two forums of mayors and commissioners and the forum on coal, electricity, and transportation were held in a timely manner. Their analysis of the situation was accurate, and their measures for ensuring an appropriate industrial growth rate, a bumper agricultural harvest, an increase in effective supply, and a notable decline of price rises from last year, as well as for guarding against economic stagnation, are feasible. The key is to exert great efforts to implement them.

The meeting stressed: Leading persons at various levels, and responsible persons of economic departments and enterprises should arouse spirit, enhance confidence, work in unison, and successfully improve the economic environment and rectify the economic order in line with the guidelines of the 3d Plenary Session of the 13th CPC Central Committee. We should understand that the current problems explain the necessity for the endeavor of improvement and rectification. We should exert resolute efforts to carry out this endeavor. Leading cadres at various levels should improve work styles; go deep into the various links of production, circulation, and consumption to conduct investigations and study; and solve problems whenever they are discovered. Cadres of economic departments should foster the idea of rising and declining together with enterprises. We should enhance the sense of respect for organization and discipline and adopt resolute organizational measures to punish, dismiss, and transfer those who do not respect the overall interests, give heed to admonitions, obey central and provincial leadership, and mend their ways despite education. We should never tolerate such people.

We should give full play to our political advantages, and strengthen ideological and political work. Material interests alone will not arouse the production enthusiasm of staff members and workers. We should also greatly stress

the spirit of sacrifice. Communist Party members should take the initiative in developing their vanguard and exemplary role, share the burden for the state, and strive to make more sacrifices.

At present, management is chaotic and productivity is low at many enterprises. We should adopt all possible means to upgrade their managerial level; develop scientific, technological, and intellectual resources; intensify the job training of all staff members and workers; and improve their quality. This is the key to developing production.

Xing Chongzhi, secretary of the provincial party committee, presided over the meeting. The chairman of the provincial People's Congress Standing Committee, vice governors and advisers of the provincial government, and responsible persons of departments concerned attended as observers.

Hebei's Xing Chongzhi at Women's Day Gathering
SK2103072289 Shijiazhuang HEBEI RIBAO
in Chinese 9 Mar 89 p 1

[Excerpt] Women from various circles of the provincial capital happily gathered at the Hebei Theater on the morning of 8 March to celebrate the international working women's day.

Xing Chongzhi, Guo Zhi, and other leading comrades of the provincial party committee, Advisory Commission, People's Congress Standing Committee, government, Chinese People's Political Consultative Conference Committee, and military district, as well as of Shijiazhuang City and Shijiazhuang Prefecture, attended to extend congratulations. Women experts from Britain, the United States, and four other countries, who were staying in our province to help with work, also celebrated their own festival with their Chinese sisters. [passage omitted]

Northeast Region

Heilongjiang's Sun Weiben on Enterprise Reform
SK2103044489 Harbin HEILONGJIANG RIBAO
in Chinese 22 Feb 89 pp 1, 2

[Article by Sun Weiben, secretary of the Heilongjiang Provincial CPC Committee, and Ma Guoliang, secretary general and standing committee member of the Heilongjiang Provincial CPC Committee: "Deepen Reform and Instill Vigor—An Investigation and Ideas on Qiqihar City's Efforts To Invigorate Large and Medium-Sized Enterprises"]

[Text] Qiqihar City is an important industrial city of our province. Its historical irrational production set-up, long-term practice of the product economy, and highly centralized old system brought extremely great difficulties to its economic development. In the 21 years before the 3d Plenary Session of the 11th CPC Central Committee, the city's industrial output value showed an

average annual increase of 1.51 percent, far lower than the national average of 6.59 percent; and its profits and taxes from industries amounted to merely 75 percent of its revenue, 10 percent lower than the national average. Without invigorated enterprises, the economy could not flourish. Based on such an understanding, when carrying out comprehensive reforms, Qiqihar City focused its efforts on enterprise reform, particularly the reform of large and medium-sized state enterprises, thus instilling vigor into enterprises. In 1988, the city's industrial output value totaled 5.25 billion yuan, a 5.2-percent increase over the preceding year, and its profits and taxes 266 million yuan, a 32-percent increase. Its total volume of profits and taxes once again set an all-time record. The city's industries began to enter a benign circle. In this way, it achieved better economic results without creating a high industrial growth rate.

1. The Basic Methods and Experiences in Invigorating Enterprises

A. Starting with the wide application of the contract system, the city introduced feasible mechanisms of township enterprises to large and medium-sized state enterprises. First, the accounting procedures of enterprises were decentralized to enable each level to exercise independent accounting, and the property rights of the state, the enterprises, and the units within the enterprises were defined based on the fixed assets of the enterprises and the sources of the parts of the fixed assets whose value had increased. In this way, the mechanisms of independent management and sole responsibility for profits and losses were transferred to the enterprises and their various levels. For example, through implementing the managerial method of "multiple systems at one plant, and operation of the second-level legal person" (er ji mo ni fa ren yun zhuan 0059 4787 2875 2362 3127 0086 6663 6567) and actively exploring the reform of the property right system of state enterprises, the Qiqihar First Machine Tool Plant notably improved its economic results. From 1984 to 1987, its output value of commodities grew from 56.2 million yuan to 86.19 million yuan, an average annual increase of 15.3 percent; its total volume of profits from 2.86 million yuan to 7.15 million yuan, an average annual increase of 35.7 percent; and its profits and taxes realized reached 30.83 million yuan. Meanwhile, it absorbed profit-reduction factors totaling 24.1 million yuan by itself. However, in the previous 3 years (from 1981 to 1983), it suffered successive losses totaling more than 53 million yuan. Second, the organization of labor was optimized to fully arouse the initiative of the people, the most vigorous factor in productive forces. Among the 400,000 permanent workers throughout the city, 150,000 people have been invigorated so far, amounting to 37.5 percent of the total. Take the Qiqihar Steel Mill for example. After delimiting the organizational structure and fixing the number of people employed, it adopted an optimum personnel organization method of "employing the best to suit the needs of a particular job, and allowing both the mill and the personnel to have the right of choice and to organize on

a voluntary basis," and cut down 1,230 surplus employees, accounting for 7.83 percent of the total. Its number of managerial personnel declined from 16.2 to 12.5 percent. Through optimizing the labor organization and applying the personnel competition mechanism, it notably improved its production efficiency, and its per-capital annual output value rose from 18,000 yuan before the optimal labor organization was adopted to 25,000 yuan. Third, the distribution of interests was restructured to change the components of the interest distribution, and the interest risk-taking system was introduced simultaneously with the township enterprise's interest incentive system. In this respect, the Heilongjiang Chemical Industrial Plant's "structural wage system" played its role effectively by combining township enterprises' system for interest distribution with the modern management of large and medium-sized state enterprises. Major contents of the plant's "structural wage system" are to fix different criteria for payment according to the different work posts of the enterprise, to eliminate the precipitous large proportion of fixed wages in the total wages, and to set aside 30 percent of the basic wage to float together with the floating wage, with the priority of distribution given to frontline workers.

Large and medium-sized state enterprises should introduce the mechanism of township enterprises and grasp the three basic principles: First, they should introduce the effective and feasible mechanism of township enterprises. Essentially, they should manage their business on their own initiative, take sole responsibility for their profits and losses, and have the ability of self-regulation in an effort to develop through self-reliance. Second, they must be good at understanding and applying the mechanism. They must combine the introduction of township enterprises' mechanism with the practical situation of large and medium-sized state enterprises, particularly modernized management; analyze and understand it; and change it into the feasible mechanism of large and medium-sized state enterprises. Third, they should introduce the mechanism in a gradual manner and must not carry out the work in isolation. They should conduct necessary supporting reforms in the course of deepening the work.

B. The idle essential production factors of large and medium-sized enterprises were diverted to township enterprises and small enterprises. They included technology, trained personnel, equipment, funds, and products. The dissemination of essential production factors promoted bilateral development between large and medium-sized state enterprises and township enterprises as well as small enterprises, and guaranteed in terms of enterprise structure the simultaneous progress among large, medium-sized, and small enterprises and the urban and rural economy.

Since 1986, Qiqihar City has granted 30 million yuan in loans to township enterprises and small enterprises, manufactured and repaired 1,120 sets of equipment,

helped them tackle 56 difficult technical problems, provided them with 35,250 types of information, transferred 220 scientific and technological findings of all descriptions to them, supported them with 20,000 tons of materials, dispatched 600 trained personnel to them, sponsored 260 training classes for township enterprises and small enterprises, and trained more than 30,000 personnel. While transferring the essential production factors, Qiqihar City has also brought many advantages to large and medium-sized enterprises. First, this city has gained a certain amount of funds in return to help large and medium-sized enterprises replace equipment and update their technology; second, it has dismissed some personnel in an effort to optimize the internal organizations of enterprises; third, it has tapped the potential of essential production factors of large and medium-sized enterprises to avoid a waste in technology and equipment; fourth, it has opened up the sources of some raw materials to benefit the building of raw material bases for large and medium-sized enterprises; fifth, it has comprehensively tempered and improved the personnel who have been sent to township enterprises and small enterprises to help train their personnel; and sixth, it has studied the effective experience of township enterprises to benefit large and medium-sized state enterprises to introduce township enterprises' management mechanism, and so forth.

C. This city unceasingly conducted enterprise mergers to promote the readjustment of production set-up. Through a year of vigorous work, 40 groups or 63 households in this city have conducted enterprise mergers thus far. In terms of the form of merger, most enterprises have chosen the forms of selling out or amalgamation, and a small number of them have operated their business by gradually selling out their shares. The introduction of the merger mechanism promoted not only the development of potential enterprises but also enabled a group of money-losing enterprises to extricate themselves from a difficult position. Practice proved that in solving money-losing enterprises' problems, merger is the best form as compared with enterprise bankruptcy, because merger not only helps to reduce social turbulence but can also guarantee economic results. It should be so particularly under the situation in which the new economic order and social guarantee system have not been completely established yet.

Enterprise merger is not confined to only solving money-losing enterprises' problems. Its greatest advantages are that it helps improve the essential production factors, production set-up, and the readjustment of enterprise structure and product mix. During enterprise merger, Qiqihar City shifted from enterprises with poor conditions some 5,200 workers, more than 47 million yuan of idle funds, and more than 9 million yuan of working funds at their disposal to potential enterprises. After being reorganized, these essential production factors have been rapidly formed into new productive forces. For this reason, some enterprises have doubled their output value and profits. Improving the product mix, enterprise structure, and production set-up through the

form of enterprise merger will enable enterprises to achieve quick results and save funds. It is of greater practical significance under the current situation in which state funds are in short supply. At present, Qiqihar City is trying to develop the amalgamation of enterprises to a higher level. The city has developed the amalgamation work from small enterprises to large and medium-sized enterprises; from the enterprises of the same trades and of the same ownership to the enterprises of different trades, of different ownerships, and of different administrative divisions; and from the money-losing enterprises to the small-profit enterprises. Through exploration and experiment, the city is trying to develop the amalgamation of enterprises toward the orientation of becoming more standardized, orderly, and improved.

D. Through the trial implementation of the shareholding system, the city deepened the enterprise reform. The city implemented the shareholding system on a trial basis with a view to solving a fundamental problem. That is, the city tried to ceaselessly upgrade the people's concern over property and the increase of its value, to eliminate the traditional ownership system's malpractice of "no definite ownership," and to further define ownership.

Viewing the practices of Qiqihar, there are principal indicators showing the advantages of shareholding systems. 1) Change general and indefinite property rights into comparatively more defined property rights, and make the role of the staff and workers as masters of enterprises more economically consolidated. 2) Ease, to a certain degree, the enterprises' strain on capital and help enterprises solve the problem of funds for development. 3) Promote the transformation of consumption funds into production funds and control the excessive consumption situation to different degrees. 4) Help enterprises' activities become more rationalized and effectively prevent enterprise managers' short-sighted activities. 5) Actually ensure the interests of the state. In carrying out the shareholding system, the city organized various boards of directors to define the shares of the state. The boards of directors stand not only for the interests of all fronts, but also for the interests of the state. 6) Help promote the establishment of the mechanism of "giving decision-making power to management, assuming sole responsibility for profits or losses, making self-restriction, and making self-development." Under the condition of implementing the shareholding system, enterprises have paid taxes to the state according to law and obtained profits according to shares. By extricating themselves from administrative interference, enterprises have actually become independent commodity producers and managers. The implementation of the shareholding system helped promote the development of productive forces. This is a most fundamental important fact. However, at present, not all enterprises have the conditions to carry out the shareholding system. But the enterprises where conditions permit, particularly the state and collective enterprises whose products are readily marketable and whose development is restricted by funds, should positively carry out the system on a trial

basis. In the course of improving the economic environment and rectifying the economic order, the implementation of the shareholding system can be regarded as an important measure for developing and strengthening the industries and products with our province's advantages and for accelerating the readjustment of industrial structure and product mix.

E. The optimization of the environment helped create fine external conditions for deepening reforms and enlivening enterprises. Qiqihar City attended to work concerning the following four aspects in order to optimize enterprises' external conditions. 1) Changed the government functions and promoted the separation of government functions and enterprise management. For instance, the city planning commission and the city light industrial bureau carried out, on a trial basis, the contract system among fixed organizations, leading bodies, and working personnel. All city-level commissions, general offices, and bureaus (companies) gradually changed their direct management into indirect management through attending to the separation of functions, readjusting subordinate organs, enhancing direct management functions, and strengthening the functions for overall, information, and consultative services and macroeconomic control. 2) Formulated relevant rules and regulations so as to provide a basis for the reform and opening up to the outside world. 3) The departments playing the role of economic lever firmly attended to upgrading their awareness of services so that financial, tax, banking, industrial and commercial, and supply departments have provided relaxed conditions for enlivening large and medium-sized enterprises. 4) Boldly protected enterprises and ceaselessly sorted out the activities of damaging enterprises' rights. The city positively and comprehensively implemented the enterprise law, strived to upgrade enterprises' social status, protected the legal rights and interests of enterprises, and ceaselessly enhanced enterprises' sense of safety to hand over decision-making power to management.

2. Some Enlightenment and Ideas

A. To implement the guidelines of the 3d Plenary Session of the 13th CPC Central Committee, we should deepen enterprise reform, in particular the reform of large and medium-sized state enterprises. The principle of "improving the economic environment, rectifying the economic order, and comprehensively deepening reform" put forward at the 3d Plenary Session of the 13th CPC Central Committee is a comprehensive principle. An overall implementation of this principle is to continuously deepen reform, particularly enterprise reform, while giving prominence to "improvement and rectification."

In carrying out enterprise reform, we should focus on the reform of large and medium-sized enterprises. Our province now has 366 large and medium-sized state enterprises. Although their number amounts to merely 2.4 percent of

the total industrial enterprises of the province, the industrial output value they create amounts to more than 60 percent of the province's total, the profits and taxes they provide amount to more than 80 percent of the total profits and taxes of the province, and the amount of deficits of the 81 large and medium-sized enterprises which are still in the state of deficit accounts for more than 50 percent of the total deficits of the loss-incurring enterprises throughout the province. Therefore, if large and medium-sized enterprises are not invigorated through reform, the province will have great difficulty enlivening its economy. Meanwhile, because large and medium-sized state enterprises were always under the maximum control in the old economic system, they have the greatest difficulty in reform. If breakthroughs can be achieved in this respect, reforms in other fields will be promoted. The large and medium-sized state enterprises operated according the pattern of the product economy are the foundation on which the old economic system was established. To reform the old economic system, we should pay close attention to the reform of large and medium-sized enterprises, which is an important link. Only in this way can we fundamentally shake and crumble the old economic system and facilitate the process of replacing the old system with the new.

B. The key to deepening enterprise reform lies in enabling enterprises to gain vigor and vitality in the process of changing managerial mechanisms. The basic reason that prevents enterprises from gaining vigor is their lack of effective managerial mechanisms. Therefore, to invigorate enterprises, we should put more efforts into changing the managerial mechanisms. The experiences of both Qiqihar City and the province showed that the present key issue concerning invigoration of large and medium-sized state enterprises is to introduce township enterprises' managerial mechanisms of "independent management, sole responsibility for profits and losses, self-development, and self-restriction." Establishing such mechanisms is an important target in deepening the reform of large and medium-sized state enterprises. Judging from the present situation of some enterprises, certain necessary conditions need to be created to attain this target. The first is the separation of government functions from enterprise management, and the second is an improved market system. Concerted efforts are required to create these two conditions. When introducing the mechanisms of township enterprises to large and medium-sized enterprises, what we should pay particular attention to is the fact that we should introduce not only the interest incentive mechanism of township enterprises but also their interest risk-taking mechanism, and that we should never set our sights on asking higher levels for a bigger share of profits, for larger tax reduction, and for preferential policies.

C. We should facilitate the rational flow and the optimal organization of the major elements for production, and blaze a new trail of development under the conditions of "improvement and rectification." As has been learned,

the equipment utilization rate of the large and medium-sized enterprises of our province is merely about 70 percent, and at least 20 percent of their equipment is idle. In the past, we always put undue emphasis on developing the economy through expanding the stock of fixed assets to the neglect of the rational flow and the optimal organization of the major elements of production. As a matter of fact, the economic development of a locality depends not only on the support of the input of new elements for production but also on the guarantee of the optimal organization of the existing elements of production. To understand this is of a particularly important significance given the current macroeconomic background. At present, to cool down the overheated economy, the state is adopting the entrenchment policy. In such a situation, it is unrealistic to expect greater state investment to develop our province's economy. For some time to come, we should exert great efforts to tap the potential of the major elements for production, and facilitate their rational flow and optimal organization.

Improving the economic environment and rectifying the economic order is an economic readjustment in essence. This kind of readjustment should have two aspects. The first is the overall readjustment. That is, we must cut back the inflation of the overall demand and the overheated economy. Second, we must readjust the structure. That is we must readjust the production set-up, enterprise structure, and product mix as well as the structure of investment and credit. Of these two aspects, at present, the people are fairly unified in their understanding of the first aspect. As for the importance of the second aspect, many people still do not quite understand it. In fact, the second aspect is the key to realizing the goal of improving the economic environment and economic readjustment. Both the domestic and foreign experiences showed that if we fail to supplement economic readjustment with the structural readjustment policy measures, the medium- and long-term economic development will be affected. A poor job in this field will lead to an economic downfall. Regardless of whether it is a readjustment of the production set-up, the readjustment of the enterprise structure, or the readjustment of the product mix, we must rely on the flow of the essential production factors to realize them. Therefore, it is very important to grasp the current flow of essential production factors.

To make use of the existing assets, at present, we must grasp the two aspects of work well: On the one hand, we should fully tap the potential of the existing essential production factors and promote the full workload methods and other measures through the campaign to increase production, practice economy, increase revenues, and reduce expenditures, and greatly enhance the utilization rate of the existing essential production factors. On the other hand, we should promote the rational flow of the essential production factors, and optimize the organizations. First, we must grasp the flow of the essential production factors in enterprises and optimize organizations. Second, we must promote enterprise

merger and stimulate the essential production factors to move from enterprises with inferior strength to potential enterprises. Third, we must divert and spread the idle essential production factors of enterprises to other enterprises. Fourth, we must promote the development of the leading and contract systems, cooperation, and enterprise groups among enterprises. In order to promote the rational flow of the essential production factors, we must pay attention to fostering and improving all types of markets for the essential production factors.

Considering the macro structure of enterprises throughout the province, we should clearly define this major idea: We must combine the invigoration of large and medium-sized state enterprises with the development of township enterprises and local small enterprises. On the one hand, we must transplant the effective mechanism of township enterprises into large and medium-sized state enterprises, and enable this "long leg" to become more active. On the other hand, we must transfer the idle essential production factors of large and medium-sized state enterprises, including technology, trained personnel, equipment, funds, and products, to township enterprises and local small enterprises with compensation, and enable them to develop one long leg and turn their "short legs" into long ones, and to open up broader sources of profits and taxes for the province. In this way, we will be able to fully display the advantages and enthusiasm of the province's large and medium-sized state enterprises, township enterprises, and small enterprises; enable them to take one another's strong points and to make up for their shortcomings, to develop bilaterally and simultaneously, and to create a vigorous situation in which they can walk with two legs; and to guarantee, in terms of the macro structure, that our province's economy will find a path of development under the circumstances of improving the economic environment and rectifying the economic order. Qiqihar's experiences proved the possibility. If large and medium-sized state enterprises transfer 10 percent of their unused facilities, the value will be more than 4 billion yuan. Gigantic productive forces and a good mechanism will be formed with these productive factors. The experiences gained by Qiqihar and other localities showed that large and medium-sized state enterprises are allowed to adopt the following few methods in terms of selling the possession of their production factors to town and township enterprises and small enterprises. 1) Sell off the production factors at reduced prices. 2) Transfer the possession of production factors on a lease basis, or buy the production factors after leasing them. 3) Carry out "several systems" in a plant. Large and medium-sized enterprises are allowed to run enterprises according to the management methods of town and township enterprises. 4) Sell products and technologies. 5) Provide paid service with the production factors that are left unused. 6) Science professionals, technicians, and surplus working personnel are allowed to manage on a contracted basis and run town and township enterprises.

D. The city conscientiously summed up the experiences and lessons in reform, and realistically strengthened

leadership over enterprise reform. The key to scoring achievements in enterprise reform hinges on leaders' attention. Like the Qiqihar City CPC Committee, leaders at various levels should place enterprise reform on their main work agenda and consciously attend to it. We should enhance the strength of the economic restructuring commissions at various levels, define their functions and duty, and have them bring their functions into play.

It has been 10 years since our country began reforms. Meanwhile, our country has conducted enterprise reform for many years. Now, it is time to review our work, conscientiously sum up the experiences and lessons gained during the last decade of reforms, and find things related to law in order to reduce blindness and upgrade awareness. It is necessary to strengthen the study of the theory on reforms. Leaders at various levels should be enthusiastic and sober-minded to conduct reforms. It will be impossible to achieve this if we fail to deeply study the theory on reforms. We experienced from the investigations that the comrades of the enterprises made great efforts to study the theory on reforms and deepened their understanding about this. Comparatively speaking, some of our leading comrades and theoretical workers notably lag behind in this regard. This situation must be changed. Leaders should exert greater efforts to deeply study the theoretical questions concerning reforms. By so doing, they can be competent for the reform work and avoid making major mistakes in policy decisions. To strengthen the study of the theoretical questions concerning reforms and to better link the

study with the reality of reforms, we should launch a mass discussion on the specialized subject of reforms with the participation of leading cadres, theoretical workers, and practical workers.

Heilongjiang To Increase Agricultural Investment
OW2203114389 Beijing XINHUA in English
1554 GMT 21 Mar 89

[Text] Harbin, March 21 (XINHUA)—Northeast China's Heilongjiang Province will invest 3.13 billion yuan in agriculture this year, an increase of 570 million yuan over last year, a local official told XINHUA here today.

According to the official, the total sown area of the province will reach 8.824 million hectares (ha), with the sown area of grain expanded by 333,333 ha, this year.

Meanwhile, 31,205 cadres at provincial, city, prefecture, county and township levels have been sent to rural areas of the province to ensure the success of spring ploughing.

The official said the amount of chemical fertilizer which has already been distributed to farmers has reached one million tons, up 300,000 tons over 1988. The supply of plastic sheeting and pesticide has also increased.

Last year, the province, which is one of China's key commodity grain producing centers and the major producing center of soybean for export, harvested a total output of 17.51 billion kg of grain, soybean and sweet potatoes.

Trade, Economic Officials Conclude U.S. Visit
OW1803061889 Taipei CNA in English 0400 GMT
18 Mar 89

[Text] Washington, March 17 (CNA)—Vincent Siew, vice chairman of the Council for Economic Planning and Development, said Friday that Americans expressed a positive reaction to the Republic of China's [ROC's] action plan for strengthening economic and trade ties with the United States and highly praised the ROC's determination to reduce its trade surplus with the United States in the next four years.

Speaking at a press conference in [Washington] D.C. Friday afternoon, Siew told Chinese reporters here that he and Chiang Pin-kung, director-general of the Board of Foreign Trade, took advantages of their meetings with members of the U.S. Congress, American scholars, business leaders and officials of the American Institute in Taiwan to clearly explain details of the ROC's action plan and urge them to help make a joint effort in order to further improve the ROC-U.S. trade relations.

Siew acknowledged that officials of the American Institute in Taiwan regarded some points in the action plan as ambiguous and not concrete enough. He explained that the ambiguity of these points would be cleared up when necessary revisions of the current law on tariffs and import licences are completed.

He said the ROC will continue to exchange views with the U.S. on these issues, and expressed confidence that the explanation they made to Americans on the ROC's action plan will eventually bring about a positive effect on the enhancement of ROC-U.S. trade relationship.

During their 5-day visit in Washington, Siew said, they met with a number of members of the Senate Finance Committee and the House Ways and Means Committee to exchange views on the ROC's action plan. Those influential members of the Congress acknowledged the ROC's sincerity and determination to narrow the ROC-U.S. trade gap, he added.

As for the currency exchange rate, Siew said he did not come here to negotiate with the U.S. on the issue, but he and Chiang have tried to explain the ROC's position on this issue to the Americans who believe that the new Taiwan [NT] dollar should appreciate further to reflect its market value.

Siew said they told the Americans that the current NT [dollar] exchange rate against the U.S. dollar is reasonable and should not be forced to appreciate to a level that could affect the ROC's stability.

He admitted that the appreciation of NT dollar may contribute to reduction of the ROC's trade surplus with the U.S., but can't be used repeatedly to resolve a trade problem between the two countries.

Siew said he didn't know whether the ROC will be included in the list of countries with which the U.S. will negotiate to eliminate unfair foreign practices but he believed that the ROC's action plan will be a great help for the U.S. Government to deal with the problem.

Siew said they made it very clear that unless the U.S. cooperates with the ROC, the ROC can't resolve the problem by itself. He emphasized that a ROC-U.S. joint effort will achieve the objectives of balancing the two-way trade between the ROC and the U.S.

Winding up their visit to Washington, they are scheduled to leave Saturday on their way home.

Mainland 'Substantive' Business Ties Rejected
OW1903120089 Taipei CNA in English 1551 GMT
17 Mar 89

[Text] Taipei, March 17 (CNA)—Can the Republic of China [ROC] enter into substantive economic cooperation with Communist China in a "business is business" way? The premier said no.

Premier Yu Kuo-hwa said Friday that Chinese Communists tend to politicize everything; therefore, "we cannot deal with them thinking that business is business."

Answering a question by Legislator Tso Kuang-hsuan, Yu said the ROC should try to build more cooperation programs with industrialized countries, not with the industrially backward communist china.

He told a Legislative Yuan session that government permission to import raw materials from mainland China does not mean it encourages industrial and commercial cooperation with the communist Chinese.

He said the communists have a long record of giving everything a political slant. Therefore, he stressed, "our policy toward the mainland must be far-sighted and forward-looking."

Tibet Crisis Said 'Major Setback' for Beijing
OW2203113789 Taipei International Service
in English 0200 GMT 20 Mar 89

[Station commentary: "EEC Condemns Peking Over Tibet's Crisis"]

[Text] In a rare, unified public criticism of the Chinese Communist regime in Peking, the European Economic Community, or EEC member states, condemned Peking for its brutal handling of Tibetan demonstrators earlier this month. Diplomats in Peking say the EEC action represents a major setback to Peking's 40-year efforts to keep the Tibetan issue out of international politics.

The community members specifically condemned the "violence of the crackdown" in Tibet and urged Peking to begin a dialogue with the Tibet's self-exiled spiritual

leader, the Dalai Lama, who now lives in Delhi, India. The community resolution also urged Peking to end the martial law declared in Tibet on 7 March.

Most importantly, however, the EEC resolution said that Peking should respect Tibetan autonomy. The early March riots broke out when demonstrators commemorating the thirtieth anniversary of the large-scale anti-communist rebellion were fired upon. According to official reports from Lhasa, the Tibetan capital, 16 persons were killed. Unofficial reports list as many as 60 casualties.

The Tibetan crisis has made international headlines, due to the ugly nature of Peking's crackdown, and due to the historical questions involved.

Prior to 1949, Tibet had existed for centuries as an autonomous region of China. When Mao and the Communists came through in 1950, they, too, promised autonomy for Tibet. The promise was sealed in a 1954 agreement with the Dalai Lama. In 1959, however, Peking subjugated Tibetans. That led to a near act of genocide, in which hundreds of thousands of Tibetans, specially monks and other religious figures, were wiped out.

Then, during the Cultural Revolution of 1966-1976, the Chinese Communists again rampaged in Tibet, massacring still more tens of thousands, and destroying all that remained of Tibet's long cultural and religious record.

In late 1987, pro-autonomy demonstrators become vocal again in the remote Himalayan region. A major street protest in October of that year turned violent when Chinese Communist troops fired on a crowd of monks, killing 21. Since then, sporadic violence has occurred in the wake of more pro-autonomy, and anti-Communist protests.

The EEC measure was quickly rebuffed by Communist China's ambassador to the EEC. He called the vote "impudent" and said Peking would react strongly to it.

EEC officials noted that in the last few weeks, Peking has been working behind the scenes to head off the EEC vote. They also called in European ambassadors in Peking to hear Peking's side of the story in Tibet. But all of these efforts has failed to convince the EEC that Peking was not guilty of serious wrongdoing in Tibet.

Now that the EEC has spoken out against Chinese Communist atrocities in Tibet, will the U.S. Congress follow? That is difficult to say. In the past the Congress has kowtowed to Peking in even the worst cases of human rights abuses by the Chinese Communists. Perhaps this time, the U.S. Congress will find it in its conscience to join the EEC in condemning Peking over Tibet.

Li Peng Speech 'Far Short' on Rights Issue
OW2203091289 Taipei International Service
in English 0200 GMT 22 Mar 89

[Station commentary: "Peking Opens 'People's Congress'"]

[Text] The annual session of the Chinese Communist regime's "National People's Congress" opened on Monday, with Communist Premier Li Peng addressing some three thousand delegates. Li's opening remarks contained several admissions of mistakes by the Communist Party, but fell far short of addressing the recent criticisms of the party in mainland intellectual circles.

Li said that the Communist Party has had shortcomings and mistakes in its guidance, and that there has been a tendency to be impatient for quick results in reform programs. He said the mainland must prepare itself for a period of severe austerity, perhaps over the next five years, to correct the imbalances that have cropped up in the overheated economy.

A Western diplomat in Peking expressed disappointment with Li's speech, saying it amounted to nothing more than excuses for tighter control and more regulation. He said Western observers in Peking could see no new direction in Li's policy statements.

Conspicuously absent from Li's opening remarks was any mention of human rights. A spokesman for the party said that it was not necessary to mention human rights or the Tibetan crisis. These are not pressing issues, he said.

But Li did take a few lines to criticize the United States. He said that the U.S. should not interfere in Communist China's domestic politics or internal affairs.

The reference was, of course, to the recent U.S. Senate resolution condemning Peking for rights abuses in Tibet. The Senate's action came on the heels of a similar resolution issued by the European Economic Community last week. Peking has criticized both Washington and the EEC for interfering in Communist China's internal affairs.

In recent months, Peking has been rocked by a series of petitions from mainland and Overseas Chinese intellectuals, who are demanding the release of political prisoners in Communist China, and more freedom of speech and democracy.

These have been burning issues in the mainland, and it was unfortunate that Li decided to ignore them altogether in his presentation of Communist Party policies.

On the other hand, it is no surprise that he did ignore the recent movement among mainland dissidents. Peking has charged that the dissent is motivated by foreign support, and has warned that mainland dissidents are risking arrest for counter-revolutionary activities, if they continue the petition drive.

Communist leaders used the term "counter-revolutionary" in several of their warnings issued this week. It is the excuse they use to eliminate opposition.

The mainland dissidents are no doubt seriously disappointed that Li and the Communist Party have not placed democracy and human rights on the agenda for the legislative conference. While they support the economic reforms pursued rather gingerly by Peking, they by and large agree that the reforms will not meet with success unless they occur in a more open, democratic environment. That the Communists do not seem interested is indeed unfortunate.

Mainland Films Not Allowed in Film Festival
*OW2103083789 Taipei CNA in English 1605 GMT
20 Mar 89*

[Text] Taipei, March 20 (CNA)—Under the current policy, films made in mainland China are not permitted to participate in the Republic of China's Golden Horse Film Festival, the government spokesman said Monday.

Director General Shaw Yu-ming told a gathering of movie makers that at this stage mainland musicians are not yet allowed to perform and painters to exhibit their works here.

Therefore, he said, showings of movies produced on the mainland are still not permitted even though Soviet and Albanian films are able to join this year's Golden Horse Festival.

GIO [Government Information Office] has pledged to make the Taipei film festival a "truly international" one, and people in local arts circles have strongly criticized the government for banning mainland movies.

Shaw told movie makers, many of whom are eager to shoot films on the mainland, not to be hasty.

"The government is carefully considering the issue. But it is not yet time to open the door," he added.

Foreign Minister on Philippine Relations Act
*OW2103083189 Taipei CNA in English 1515 GMT
20 Mar 89*

[Text] Taipei, March 20 (CNA)—Republic of China [ROC] Foreign Minister Lien Chan said Monday he believes that the economy of the Philippines will benefit from a proposed Taiwan Beneficial Relations Act if it is passed by the Philippine Congress.

Lien, testifying before the Foreign Relations Committee of the Legislative Yuan, said nearly 100 Philippine congressmen have so far voiced support of the bill and the Philippine Government is expected to announce its policy on the issue soon.

The "Taiwan Beneficial Relations Act," which would provide guarantee for ROC investments in the Southeast Asian nation and protect them from any claims made by the Chinese Communists, has caused a hot debate in the Philippine Congress and drawn strong criticisms from the Peiping regime.

Trade and economic relations between the ROC and the Philippines have strengthened in recent years, with two-way trade steadily increasing, Lien told the lawmakers. ROC investments in the Philippines have also seen a sharp increase, accounting for about one-fourth of all foreign investments last year.

If the proposed bill passes the Philippine Congress to become law, economic cooperation and mutual investments between the two countries will certainly be better secured and thus be boosted, he said.

Commenting on Peiping's criticisms of the bill, the minister said that passage of the Taiwan Beneficial Relations Act is an internal affair of the Philippines and the Manila authorities, including the congress and the government, should make their own decision based on considerations of national interests.

Its passage "is not likely to be and should not be" influenced by external pressures, Lien said.

Philippine Congressmen Arrive in Taipei
*OW2003000589 Taipei CNA in English 1518 GMT
19 Mar 89*

[Text] Taipei, March 19 (CNA)—Representative Gula-berto B. Lumaug, vice chairman of the Foreign Affairs Committee of the Philippine House of Representatives, and eight other Philippine Congressmen arrived here Sunday for a week-long "private visit."

Upon his arrival, Congressman Lumaug said he will do his best to get the "Philippine-Taiwan Beneficial Relations Act" passed in the Philippine Congress.

Congressman Lumaug, author of the bill, said the bill, pending in the Philippine Congress, will help promote substantive relations between the two countries, and is in the best interest of the Philippines.

Lumaug also predicted that the two countries may discuss and sign other trade and economic agreements in the future.

During their stay here, the Philippine congressional group will call on Foreign Minister Lien Chan and visit cultural and economic institutions of this country.

Government To Allow East European Trade Offices
OW2203044289 Taipei CNA in English 0240 GMT
22 Mar 89

[Text] Taipei, March 22 (CNA)—The Republic of China [ROC] Government will allow East European countries to set up trade offices in Taiwan, an economic policy-making official revealed Tuesday.

Approval will depend upon the friendship the applicant shows toward the ROC and each application will, in principle, be handled on case-by-case basis, the official added.

The cabinet has recently approved a China External Trade Development Council proposal to open a trade office in Hungary, the first established by the ROC in a socialist country.

Editorial Views Proposed Fiscal 1990 Budget
OW1903213289 Taipei CHINA POST in English
13 Mar 89 p 4

[Editorial: "Central Government Budget for Fiscal 1990"]

[Text] Early this month, the National Security Council approved a proposed Central Government budget for fiscal 1990. The proposed budget totaled a record NT [new Taiwan] \$699.7 billion, up 24.6 percent from the current fiscal year, the highest growth rate ever.

The council's meeting in which the proposed budget was approved was presided over by President Li Teng-hui and participated in by the heads of all the five branches of the central government and other high-ranking government officials. The ruling Kuomintang skipped its weekly central standing committee meeting to allow its members to attend the council's meeting.

The proposed budget will be forwarded to the Legislative Yuan for review and final approval.

Highlights of the budget and our comments on it are given below.

Expansion of domestic expenditure is the principal means by which national economic growth will be maintained in the coming years as the trade surplus is expected to dwindle. The prospect of domestic investment by the private sector is still uncertain and public expenditure is likely to play an increasingly important role in overall domestic expenditures. The record budget, designed especially to boost public expenditures, seems appropriate.

We hope that government resources will be allocated to national development projects where public funding is essential. At the same time, we hope that the private

sector will also be encouraged to expand its domestic spending. The greatest incentive would be an improvement in the environment for investment.

The proposed budget will bear a record deficit of NT \$157 billion. This deficit will be paid for through the issuance of NT \$100 billion worth of government bonds and the allocation of NT \$57 billion from budget surpluses of previous years.

The bond issuance would absorb a substantial portion of the huge amount of idle capital from the local money market and channel it to uses that would benefit the public. This would also have the effect of reducing the currency in circulation, checking inflation and stabilizing commodity prices.

However, fiscal deficit is not desirable. It is believed that many loopholes in the taxation system may be mended and the government's tax receipts could be increased. We hope the government will explore ways and means to stop tax evasion in both legitimate and underground economic systems.

The proposed allotment for educational, scientific and cultural expenditures will be increased by NT \$27 billion, or a whopping 35 percent over the current year. This item will make up 15 percent of the total budget, the first time in four decades that it will reach its constitutionally mandated level.

This is a milestone in the history of the government's fiscal operations. The island is short of natural resources. Its development depends almost entirely on its human resources. An upgrading of the quality of the manpower and the quality of life in this modern era is an important element in our national goals.

Defense spending will account for NT \$215 billion, an increase of NT \$24 billion from the current year. As a percentage of the total budget, though, it will decrease from 33.6 percent in the current year to 30.4 percent.

National security is fundamental to the survival of the country. The proposed allotment should be adequate for this nation's self-defense. The year 1990 has a special meaning in the modernization of the weapon systems of our Armed Forces. The industrial production of the IDF warplane will begin at this time.

Expenditures for economic development will total NT \$123 billion or 17.6 percent of the total budget. It is NT \$31 billion higher than the figure for the current year.

We are concerned about whether all the proposed items under the Fourteen Construction Projects are fully covered. The petrochemical and electric power development projects are basic to further economic growth and their implementation should not be allowed to be delayed.

further. Besides, siting and land acquisition for new industrial establishments is presently a serious problem. Perhaps new and environmentally acceptable industrial parks are an urgent need.

Social security spending will increase by NT \$24 billion from the current fiscal year. We are impressed with this increase that will better insure the well-being of the general public.

The salaries of servicemen, civil servants, and public school teachers will be hiked by an average of 12 percent.

We hope this increase will not be eroded by commodity price changes.

The subsidy for the Taiwan Provincial Government will be increased from NT \$50 billion to NT \$60 billion to improve educational facilities and agricultural reconstruction. We support the measures that are designed to upgrade the quality of life for rural residents.

The budget is to be reviewed by the Legislative Yuan. We hope the legislators will take a progressive attitude toward this process and consider the best interests of the nation while performing their duties, enabling this country to take a big step forward in fiscal 1990.

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